JPRS 77489

2 March 1981

FBIS 40TH YEAR 1941-81

West Europe Report

No. 1708

- - - WAS

Орган ентрального номитета

FBIS FOREIGN BROADCAST INFORMATION SERVICE

Y.E.W

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports
Announcements issued semi-monthly by the National Technical
Information Service, and are listed in the Monthly Catalog of
U.S. Government Publications issued by the Superintendent of
Documents, U.S. Government Printing Office, Washington, D.C.
20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

FOREIGN BROADCAST INFORMATION SERVICE P. O. Box 2604 Washington, D. C. 20013

26 February 1981

NOTE FROM THE DIRECTOR, FBIS:

Forty years ago, the U.S. Government inaugurated a new service to monitor foreign public broadcasts. A few years later a similar group was established to exploit the foreign press.

From the merger of these organizations evolved the present-day FBIS. Our constant goal throughout has been to provide our readers with rapid, accurate, and comprehensive reporting from the public media worldwide.

On behalf of all of us in FBIS I wish to express appreciation to our readers who have guided our efforts throughout the years.

WEST EUROPE REPORT

No. 1708

CONTENTS

THEATER FORCES

INTERNATIONAL AFFAIRS	
Myrdal: Sweden, Finland Should Form Nuclear-Free Zone (Kari Kyheroinen; SUOMEN KUVALEHTI, 9 Jan 81)	7
FRANCE	
Future of Nuclear Deterrence Considered (Maurice Leman; DEFENSE NATIONALE, Jan 81)	(
ENERGY ECONOMICS	
INTERNATIONAL AFFAIRS	
EEC Concerned Over Future Natural Gas Imports (Irmgard Wilke; DIE WELT, 12 Jan 81)	13
SWEDEN	
Paper Comments on Official Report on Alternative Sources (DAGENS NYHETER, 29 Dec 80)	15
Briefs Libyan Oil Imports May Be Threatened	18
TURKEY	
Crisis in Zonguldak Coal Production Explored (CUMHURIYET, 28 Jan 81)	19
Situation Criticized Eregli Coal Works Bottleneck, Sukran Ketenci Massive Amount of Coal Wasted	

COUNTRY SECTION

INTER	MATIONAL	AFFAIRS

European Community Distributes Commission Portfolios (Serge de Waersegger; LE SOIR, 9 Jan 81)	23
Paper Previews Agenda of Nordic Council Session (AKTUELT, 5 Feb 81)	26
AUSTRIA	
SPOe Agrees to Changes in Government Positions (NEUE ZUERCHER ZEITUNG, 16 Jan 81)	27
BELGIUM	
Martens on Political, Budgetary Problems; Relations With Zaire (Martens Interview; LA LIBRE BELGIQUE, 13 Jan 81)	29
CYPRUS	
Raif Denktas Resigns From National Unity Party (HALKIN SESI, 31 Jan 81)	40
Feud Over Presidential Candidates Begins (BOZKURT, 29 Jan 81)	42
Islamic Countries To Provide TFSC Aid (HALKIN SESI, 1 Feb 81)	بليا
DENMARK	
Four New Ministers Appointed in Cabinet Shuffle (BERLINGSKE TIDENDE, 21 Jan 81)	46
FEDERAL REPUBLIC OF GERMANY	
Bundesbank Lowers Minimum Reserve, Raises Rediscount Quotas (FRANKFURTER ALIGEMEINE, 23 Jan 81)	49
Bundesbank's Poehl on Economic, Financial Problems (Karl Otto Poehl; FRANKFURTER ALLGEMEINE, 22 Jan 81)	51
Labor Negotiations in Metal Industry Present Problems (Kir; FRANKFURTER ALIGEMEINE, 19 Jan 81)	54
Berlin Mayor Vogel on City's, SPD's Problems (Hans-Jochen Vogel Interview; DER SPIEGEL, 2 Feb 81)	56

FRANCE

	Deterioration of Relations With Vanuatu Viewed (Patrice de Beer; LE MONDE, 7 Feb 81)	63
	Socialist Party Outlines 1981 Election Energy Platform (LE MONDE, 20 Jan 81)	65
	Details of Program 'LE MONDE' Editorial Comment	
NORWAY		
	MP's Discuss Reasons for Vote on Stockpiling (Pal Nordenborg, Terje Pedersen; ARBEIDERBLADET, 14 Jan 81)	68
	Genter, Christian Parties Jockey for Possible Cabinet Posts (Kare Kristiansen, Johan J. Jakobsen Interviews; ARBEIDERBLADET, 6 Jan 81)	70
	Next Elections Could Lead to First Center-Left Coalition (Helge Seip; NORGES HANDELS OG SJOFARTSTIDENDE, 16 Jan 81)	72
	Government Urged Not To Base Detente Policy on 'Illusions' (Editorial; AFTENPOSTEN, 7 Feb 81)	76
	Labor, Business Chiefs Predict Hard Wage Talks Season (Pal Kraby, Tor Halvorsen Interviews; ARBEIDERBLADET, 5 Jan 81)	77
SWEDEN		
	Falldin, Bohman, Ullsten Comment on Economy, Budget (Falldin, et al. Interview; SVENSKA DAGBLADET, 11 Jan 81).	81
	Paper Urges Greater Cuts in Budget Proposal (Editorial; SVENSKA DAGBLADET, 13 Jan 81)	90
	Debate on Leadership Issue by Social Democrats Advocated (Axel Waldemarsson; SVENSKA DAGBLADET, 11 Jan 81)	93
	Economist Lindbeck Discusses Drop in Industrial Production (Editorial; SVENSKA DAGBLADET, 8 Jan 81)	96
TURKEY		
	Erdem, Sezgin Optimistic About Economic Program (TERCUMAN, 26 Jan 81)	99
	Iranian Bank Wants To Open Branch in Istanbul (HURRIYET, 4 Feb 81)	102
	Summary Given of Islamic Conference Issues (MILLIYET, 28 Jan 81)	103
	Denizeier Wants Ministry for Workers Abroad (Ozer Oral; MILLIYET, 28 Jan 81)	107

MYRDAL: SWEDEN, FINLAND SHOULD FORM NUCLEAR-FREE ZONE

Helsinki SUOMEN KUVALEHTI in Finnish 9 Jan pp 38-41

[Article by Kari Kyheroinen: "'Already Women of Five Countries Are on Kekkonen's Side,' Says Alva Myrdal"]

[Text] In his New Year's Day address, President Urho Kekkonen presented a serious plea for international peace, and especially urged private individuals and citizens' organizations to spearhead the campaign. He called special attention to Nordic women and at the same time thanked them for work already contributed.

World citizen Alva Myrdal, 78, has already been a Nordic champion of peace for decades, and the idea of a people's movement which she promotes was also largely the basis for the UKK [Urho Kaleva Kekkonen] speech. In this interview by SUOMEN KUVALEHTI, Myrdal responds to Kekkonen's speech and at the same time rectifies some Finnish comments presented on her newest peace initiative for forming a nuclear-free Nordic zone.

The debate on the Nordic nuclear-free zone has now come to its fourth visible stage, and for the first time in the 18-year history of the debate, the initiative comes from outside Finland.

The debate was started last year by a noted Norwegian left politician, attorney Jens Evensen. In his work "Atomvapen og usikkerhetspolitik" ["Nuclear Weapons and Nonsecurity Politics"], he demands for Norway a greater freedom of movement in the U.S. superpower game.

Alva Myrdal, 78, a Swedish nuclear weapons and disarmament expert, took up Evensen's initiative in the 11 and 12 December issues of DAGENS NYHETER, where she made her own specific proposal toward furthering the matter.

By the end of the year, many different interpretations of the proposal had already been given in Finland; this is understandable as it is indeed an irrefutable fact that the world in which President Kekkonen in 1963 first made a proposal on this matter was quite different from today's world.

Myrdal's proposal was immediately branded as unrealistic or merely cosmetic by the Finnish right, but is that actually so--has Myrdal's proposal been at all rightly interpreted in Finland?

To find out, it was necessary to take a trip to the Old Town in Stockholm. Myrdal, this 78-year old world citizen and high-profile Nordic leftist intellectual, is spending her pension days there, in a cozy attic apartment.

"I Want to Fight"

We are received by a fragile but energetic and bright-eyed woman, whose only complaint is that it was a bit difficult to move about during the fall because of an accident last August.

However, no other activity of Alva Myrdal's has been deterred by this setback except physical movement and travel.

The typewriter continues its steady hum in the attic workroom; Alva Myrdal says she works daily between 10 and 4.

"I want to fight and I also want to win," she says and her eyes flash.

"I am very happy about Kekkonen's New Year's address--pardon me, I guess I should say President Kekkonen's address--and I am convinced that at least women in five different countries--Sweden, Norway, Denmark, Holland, and England--are on Kekkonen's side rather than NATO's side."

"My Proposal Has Been Misinterpreted"

On the table in front of Alva Myrdal are the so-called blue pages of the Swedish Foreign Ministry where all the Finnish comments on Myrdal's DAGENS NYHETER article as well as Kekkonen's speech have been collected.

"Unfortunately I do have to say that many Finns have misinterpreted my article. I did not say that Sweden and Finland /together/ [in boldface] should pronounce themselves a nuclear-free zone."

"I have said that Sweden should first do it /alone/ [in boldface], and after that initial step, the same could be done by certain other neutral or nonalined countries like Finland, Austria, Switzerland and Yugoslavia. In other words, these countries should ask the nuclear powers for so-called negative security guarantees independently of each other."

"Kekkonen's plan for a nuclear-free zone covering all the Nordic countries has the weakness that Norway and Denmark are alined NATO countries, and Iceland, because of its U.S. base, is maybe in a worse situation that even they are. Formation of a nuclear-free zone covering all the Nordic countries is therefore difficult at this stage."

"Since my proposal has been branded unrealistic on the basis that it does not take into consideration the situation on the Baltic Sea or the USSR base on the Kola Peninsula, I would venture to say it's up to us to gradually make the situation more realistic."

"And certainly Sweden, for instance, could not at this stage even ask for these kinds of concessions."

In other words, Alva Myrdal herself emphasizes the role of her proposal as the first step, an example that others could follow. A corresponding view has been propagated in Finland for years already by Professor Goran von Bonsdorff, who thinks Finland should unilaterally declare itself a nuclear-free state--in other words, a state which does not accept nuclear weapons in its area.

In Myrdal's view, the Swedish initiative need not be carried out in the form of any ambitious announcement but merely through an exchange of notes between Sweden and the five nuclear states.

"Not an Impromptu Matter"

Alva Myrdal does not believe even Sweden could proceed very quickly in the matter. "The present bourgeois government does not appear to be furthering this matter; we will have to wait for the 1982 elections."

The lukewarm interest of the Swedish press has amazed Alva Myrdal. As far as Norway is concerned—there has actually been more discussion on the matter in Norway—, she sees the dispersed state of the left as a difficulty. In addition, Norway will soon have parliamentary elections, where a drift to the right is expected.

The New Year's address by the Norwegian prime minister, Odvar Nordli, in which he proposed a nuclear-free zone covering both East and West European countries, had not yet come to Alva Myrdal's attention by the afternoon of 2 January. Not one Swedish morning newspaper had published even a small extract of the speech that day.

The Swedish Stand

We get a glimpse of the official Swedish view in the answer Foreign Minister Ola Ullsten gave on 12 December to two members of parliament, Eva Hjelmstrom (Left Party Communist) and Gunnel Jonang (Center Party). They—women again—had made two interpellations on the country's foreign policy. In one of them, Eva Hjelmstrom asked whether in Ullsten's opinion, Sweden should move in the forefront of disarmament, and in the other, Gunnel Jonang asked whether Ullsten would be ready to support actions aimed at creating a Nordic nuclear—free zone within the framework of the European disarmament conference.

In his combined answer, Ullsten partly bypassed the question of a nuclear-free Nordic zone by referring generally to Swedish activism in disarmament questions that has gone on for decades as well as to the Swedish initiative at the Madrid security conference for bringing about a European disarmament conference.

Ullsten felt that conditions for unilateral Swedish disarmament did not exist because this act would have a negative effect on the balance of security policies in the Nordic countries.

Palme Promotes Peace Zones

Noticeably warmer (naturally) to Myrdal's initiative was the reaction by the Swedish socialist leader Olof Palme--Myrdal's own discipline, one could say. At least Alva Myrdal says that Palme still continues to telephone her almost daily on various matters.

In an interview with DAGENS NYHETER (31 December) Palme stated that the establishment of nuclear-free zones is at the moment one of the most important initiatives aimed at peace. He referred in this connection to the forthcoming meeting of the Disarmament Commission of the Socialist Internationale which he heads. The meeting has specifically chosen nuclear-free zones as the main theme. In Palme's opinion, the matter of nuclear-free zones is very much in the air.

Questions of Guarantees

But a central problem for each country and area announcing itself nuclear-free continues to be the so-called guarantee question—the question of what kind of guarantees the two superpowers or the five nuclear powers are willing to give that they will not be attacked or have nuclear weapons deployed even in the event of a conflict.

When Alva Myrdal speaks on pacification [fridlysning] of Sweden or Finland from nuclear weapons, she does not consider she has bypassed this problem at all, but points to the so-called negative guarantees by the nuclear powers, that is, to the commitments they made in the special disarmament session of the UN general session in May-July 1978.

She refers to these commitments in the DAGENS NYHETER article only briefly, but lists them more fully in a longer report she wrote for the Swedish Social Democratic journal TIDEN (3/80).

"I am truly amazed that there is no discussion on these commitments any more," she says. "They have been given once, they should be dug up again and honored."

Alva Myrdal admits that some of the five nuclear powers placed provisos on their commitments, but in her opinion the central point is that they all have stated in principle that they will not use nuclear weapons against those countries that do not accept nuclear weapons in their territories.

In other words, she emphasizes the principle of the commitments rather than the many loopholes in them that have disconcerted many Finnish political experts, among others.

Alva Myrdal considers the Chinese commitments to be the most straightforward and far-reaching. She also considers the USSR guarantees with their minor reservations to be very positive. The United States and England limit their reservations to a war situation, in which they would not allow their allies to deploy nuclear weapons to an otherwise nuclear-free zone; neutral countries, in other words, would not be affected by this. The French introduced the most reservations, but Myrdal points out that more lenient views were later expressed by the French, too.

Finnish Comments

The sourest reactions to Myrdal's proposal in Finland were expressed by the chief of the Foreign Ministry's Political Department, Klaus Tornudd, and the director of the EVA [Energy Politics Delegation], Max Jakobson, who was specifically concerned with positive guarantees by the great powers.

Alva Myrdal says, however, that she has heard that Klaus Tornudd has partly gone back on his statement, indicating that UUSI SUOMI had misinterpreted his words. Tornudd had stated that Myrdal's initiative hardly would further the matter because Finland is already a nuclear-free country.

The leading daily newspaper HELSINGIN SANOMAT expressed the most unconditionally positive view of Myrdal's initiative in its editorial on 19 December. The paper stated, for instance, that "since Finland and Sweden actually are nuclear-free, it might be worth their while to ask the nuclear powers to give them 'the prize' they have deserved and have even been promised: a guarantee of their nuclear-free status being respected."

Also, the chief editor of HUFVUDSTADSBLADET, Jan-Magnus Jansson, expressed a similar positive view.

People's Movement

One of Alva Myrdal's most central thoughts has been the same through the years, and also UKK referred to it in his New Year's address by saying: "Responsibility for peace also reaches to individuals. I know there are several citizens' organizations and also numerous private individuals in our country who have made a notable contribution toward peace and international understanding."

"I was pleased to observe last summer that the Nordic women's peace petition collected in a short time over half a million names. The plea was simple and clear: it expressed opposition to war and armament in a way that can be understood by all. I hope that women especially will contribute even more than at present to introducing human warmth and mutual respect to our everyday toil. This way, we certainly could lessen the inclination in our society toward force and the idolization of force."

Also Olof Palme ends up with a similar thought in his New Year's interview:

"Only a people's movement, the kind Alva Myrdal has often talked about, can prevent the arms race. The peace movement, strong in the 1950's, became exhausted for a while, but it is again gaining in strength...."

And according to Palme, it is gaining strength specifically through people's raised consciousness. Images of nuclear war destruction are no longer only irresponsible horror stories but a reality that forces people to act. The alternative is a gradual slide toward catastrophe.

THEATER FORCES FRANCE

FUTURE OF NUCLEAR DETERRENCE CONSIDERED

Paris DEFENSE NATIONALE in French Ja. 81 pp 105-115

[Article by Maurice Leman: "French Nuclear Deterrence"]

[Text] The views advanced by Maruice Leman in this article on French nuclear deterrence—to be followed by another article on the defense of Europe—are those of a non-who has studied this subject intensively and is highly conversant with its basic aspects. Admittedly Leman's propositions represent only his personal opinion and some of them are debatable. Yet they will serve to stimulate our readers' thinking on a c-tical issue. The author's frequently discerning comments deserve the most careful considerations.

The programming law of 19 June 1976 established the French strategy of deterrence to be followed until 1982. It is appropriate, therefore, at this time to speculate on how this strategy may evolve.

The inertia inherent in designing and producing weapon systems and then getting them into operational status demands a forward-looking assessment of what the world politico-strategic situation will be by the year 2000. This shows how difficult it is to make the crucial choice that will determine the shape of France's security for a long period, because a mistake in assessing threats or the scientific and technological advances that determine the technical value of our weaponry could seriously jeopardize the future of our defense system, and for a long time to come.

Choice of Means Must Not Precede Definition of Concepts

For some time now, certain commentators have been taking the position that France needs to arm itself with some 15 nuclear submarines. In the course of our history, French military thinking has too often lagged behind technology. In other words, the instrument or weapon system was built before any employment concept had been devised for it. Consequently military staffs were compelled to establish ex post facto a doctrine justifying as it were the existence of a weapon. Such was the case with the tank designed during World War I and employed at that time as an infantry close support weapon. Some 20 years later, despite the many improvements made in that combat vehicle, it was still, at least in the French Army, the "valet" of the infantry which remained the "Queen of Battle."

In the defense field, as indeed in many others--the economic front, for example-material considerations must not dominate reason; accordingly the tool is meant to serve man and he should not become its slave because of his failure to have reflected upon its ultimate purpose.

For this reason, before doing anything else, it is first essential to define clearly the concepts on which our defense policy should be based in the future. After that, but only after, must the strategy governing the most suitable ways and means of implementing this policy be determined. Considering the present state of the world and its foreseeable evolution, it is logical to believe that our defense system should rest upon two pillars:

- a. A shield, in other words a nuclear deterrence capability whose technical credibility would be maintained or even enhanced by means of scientific and technological innovations France can produce by making full use of the expertise of its scientists and engineers, and despite similar advances by its "competitors." In short, it is a matter of being able to keep up with the pace set for us by the superpowers.
- b. A sword, in other words an adequate external action capability enabling us to intervene outside our sanctuary with appropriate force as long as necessary whenever and wherever required to defend certain vital political, cultural, and economic interests, the loss of which would divest preserving our national sanctuary's territorial integrity of any significance. And there is every reason to believe that this external action capability will have to be improved considerably, both qualitatively and quantitatively. There is no need to labor this point inasmuch as current events, particularly in the Middle East, and the destabilization underway in numerous Third World countries should open the eyes of those persons who still think our future is at stake nowhere else but in Europe.

We must, therefore, use our available financial resources to build a coherent defense system that does not favor one capability to the detriment of the other. The shield and sword must be complementary, otherwise the system as a whole could lose all of its effectiveness. The comments which follow have to do with the choices to be made relative to our nuclear deterrence capability and the advisability of enlarging our national sanctuary.

Some 15 Nuclear Submarines, for What Strategy?

France by itself alone does not have the financial and industrial resources enabling it to acquire the complete nuclear arsenal required to implement a flexible response strategy. The superpowers view escalation as occurring on four levels: the tactical nuclear battle, the counterforce strategy—aimed at preventive destruction of the enemy's ICBM's—the antieconomic strategy, and the antipopulation strategy. (Population targets and economic targets are generally more or less overlapping. Hence there is no very clear boundary between these two strategies. Whereas our country, unless it uses some dangerous stratagems, must adhere solely to the anticities, or city—killing, strategy as part of an overall strategy of the weak deterring the strong. This raises the twofold question of whether some 15 nuclear submarines are necessary to implement this strategy and whether it is advisable to retain only the submarine component at the risk of its losing all or part of its technical credibility as the result of an always possible technological breakthrough.

in answer to the first question, it can immediately be said that if France wants to limit its ambitions to solely the antipopulation strategy, there is no need to have 15 submarines. Duly considering the maintenance and repair operations that are absolutely necessary to preservation of the deterrent's technical effectiveness, it is possible with a total of nine submarines to have an average of four to five of them always on patrol at sea. With each of them initially armed with 16 M-4 missiles carrying multiple reentry vehicles, and subsequently with more sophisticated missiles for the three submarines still to be built, it would be possible to strike about 100 cities inside the aggressor's territory. This figure of 100 is based on an estimated technical malfunction of 25 percent of the missiles, the in-flight destruction of another 25 percent, and lastly a certain inaccuracy in the remaining 50 percent. There is absolutely no major power that could rationally accept the risk of sustaining such devastation. Not only would its casualty toll--killed, crippled for life--include approximately 30 million persons, but also its economy would suffer immense damage that would set it back 10 to 20 years. In addition, its remaining administrative infrastructure would no longer be capable of functioning effectively. A more or less centralized and organized modern nation would not recover from such havoc for at least one generation. Injury of this magnitude inflicted upon a superpower confronted with other superpowers whose forces would not yet have become involved, would make that superpower lose any important role on the international scene, and for a long time to come.

It is, therefore, of no use for France to arm itself with 15 submarines. Moreover, this would necessitate building a second base similar to the one at Ile Longue and create severe personnel problems for the French Navy. To form the necessary additional crews, personnel would have to be drawn from outside the navy or taken from among sailors assigned to the conventional fleet, and this at the very time that expansion of our external action capability depends upon the construction of a large tonnage of surface ships—troop transports, in particular—over the next decade. On the other hand, thanks to the savings thus obtained—about 25 billion francs, representing the cost of six missile—armed submarines—it is clearly indispensable to retain an air component in our strategic nuclear forces with a view to enhancing our deterrence's technical credibility, indeed even to replacing the naval component, on the assumption that the invulnerability of submarines would be in jeopardy before the end of the century.

What Air Component?

This component would thus have to meet the following criteria:

- a. Be invulnerable, at least in part, to a preventive attack;
- b. Have a penetration capability equivalent to that of the missiles carried on submarines;
- c. Be capable of a volume of destruction of the same order of magnitude and greater if possible;
- d. Attain its full operational capability during the present decade.

In addition, this component's research, development, and production expenditures, and operating expenditures-equipment maintenance, personnel costs-should be conductive to optimum cost-effectiveness.

France is capable of acquiring the weapon system meeting the above requirement without any major difficulties and at reasonable cost. The weapon system in question is the military version of the Airbus A310-200 aircraft capable of carrying approximately 18 cruise missiles having a range 2,300 kilometers, plus all of the personnel—the equivalent of an infantry section—required to provide close in security for the aircraft on the ground. A fleet of 24 Airbus A310-200's with a technical operational availability of 18 aircraft, or 320 operational cruise missiles each armed with a 250-kilotonwarhead, would represent a destruction capacity almost equivalent to that of the submarine component.

Production of a subsonic cruise missile, based on the American Tomahawk developed by General Dynamics, is within France's means. Our engineers have fully mastered all the technologies employed in this weapon system. All that is required is the capability of integrating an autopilot, inertial platform, low-powered computer, and radar altimeter within a volume of approximately 1 cubic meter.

We are capable of producing the TERCOM (Terrain Contour Matching) navigation system, used by the Americans, which operates by comparing the characteristics of the terrain over which the missile flies with map data stored in the on-board computer, and the SMAC (Scene Matching Area Correlator) unit which functions by comparing the point target's characteristics with a photographic representation of the target during the missile's terminal guidance phase. These two devices enable the missile to score a direct hit with a CEP (circular error probable) of a few meters. Inasmuch as effective implementation of the anticities strategy requires a delivery accuracy of 500 meters, the French cruise missile would be much less sophisticated than its American counterpart.

Judging by the many articles dealing with the cruise missile's penetration capability, there is a rather wide difference of opinion on this subject. Some experts view this missile as the absolute weapon, while others, on the contrary, consider this weapon system to be much more vulnerable than an ICBM. What is the truth?

An ICBM or SLBM [submarine launched ballistic missile] follows a parabolic trajectory mathematically determined by its firing angle and initial velocity. The enemy need only observe the missile's launch and track its flight for a short period to be capable of extrapolating and determining its future position and particularly its designated target. (Once a MIRVed missile's warheads have separated from the missile, they pose a much more difficult problem to the defense.) In theory, at least, it is possible to destroy the missile along its ballistic trajectory. In practice, however, this type of missile's very high velocity considerably reduces the defense's reaction time. Moreover, the cost of establishing an antiballistic missile defense system is so high that the two superpowers have practically abandoned acquisition of such a system.

The cruise missile, as we have seen, is an intelligent "robot" capable of following a predetermined course, and it is impossible for the enemy to calculate its future destination on the basis of an initial observation. Does this mean that it cannot be destroyed in flight? An affirmative answer to this question would be dangerously optimistic.

The missile's low speed does, in fact, expose it to enemy defenses for a period of several hours. During this period, in spite of its terrain-hugging flight profile—altitude of approximately 50 meters—it can be detected by radars installed on favorable terrain features, on towers, or on aircraft flying at high altitude. Such aircraft include the Soviet Tupolev-126 Moss which is similar to the American AWACS. The Tu-126 is equipped with radar capable of discriminating a small—size low flying object from the ground clutter. Once the missile is detected, it is then a matter of tracking and ultimately destroying it, either by static or mobile surface—to—air missile defense systems or by scrambling interceptors equipped with a track—ing radar and armed with high-performance missiles capable of being launched down—ward because the interceptor must fly at a much higher altitude than the cruise missile.

There are, therefore, definite possibilities of exploiting the missile's weaknesses. Yet these possibilities demand extensive and costly air defenses: a very dense early warning radar network, numerous surface-to-air missile sites deployed in depth throughout the territory, aircraft armed with high-performance missiles and manned by specially trained pilots, and a specialized communications system. It is evident, therefore, that while the cruise missile is not the absolute weapon, neither is it an easy target to detect and destroy.

There are various effective ways and means of circumventing enemy defenses:

- a. Limiting the cruise missile's time of flight within a hostile environment by having it attack targets along the periphery of the enemy's territory, while our ballistic missiles would be targeted against cities deep within the interior;
- b. Launching the cruise missiles in intermittent salvos interspersed with decoys so as to deceive the defense's radars and disperse its means of counterattacking;
- c. Clear the way for the cruise missiles in a corridor 150 kilometers wide and 1,000 kilometers in depth, after which, left to themselves, the missiles would continue their flight within a 180-degree sector extending to a radius of some 600 kilometers. In this way, nearly I million square kilometers of the territory would be at their mercy. In the USSR, for example, this would mean all of White Russia would be in danger of total destruction in retaliation for a major attack on our national sanctuary. In fact, because of the missiles' short time of flight in a hostile environment—an average of 20 minutes—the defense would not have enough time to react effectively. Even assuming that 25 percent of the missiles are shot down in their appraoch flight and that subsequently 50 percent of the others are destroyed, this still leaves 120 of them that would reach their target.

The problem of the initial breakthrough can be solved through low-level all-weather penetration by two or three squadrons of aircraft equipped for such a mission. Our tactical air forces are trained to conduct this type of mission. France already has prototypes or production models of the required equipment: aircraft, electronic countermeasures devices, and outstanding air-to-surface missiles. The latter include the radio-guided AS-30 with a range of 10 kilometers equivalent to a 440-mm artillery round, the laser-guided AS-30, and the antiradar AS-37 Martel with a radar homing guidance system having a range of 70 kilometers.

Lastly, there is the question of this arsenal's on-the-ground vulnerability to a preventive attack capable of completely nullifying its second strike capability on which its technical credibility depends. It is possible, however, to shield the arsenal from total destruction by taking the following four precautionary measures:

- a. Random deployment of the 18 available aircraft by using all civil, military, and certain other airfields within the national territory;
- b. Maintaining the aircraft on continuous ground alert in readiness to take off on a few minutes notice, i.e. in less time than the ballistic time of flight of the missiles launched by a possible aggressor;
- c. Continuous close in defense of the aircraft, wherever they may be based, by the permanently assigned infantry section stationed aboard the aircraft with its weapons, ammunition, rations, and other supplies.
- d. Moving these 18 aircraft from one airfield to another at irregular intervals.

France has a good 100 airfields capable of accommodating the airbus aircraft dispersed in groups of two or three. A simple combinatorial analysis shows that there are tens of thousands of ways of deploying them on some 100 different sites. Thus the probability of destroying the aircraft on the ground is almost zero, unless the aggressor decides to launch a simultaneous attack on every one of the sites. Furthermore, and providing we have an early warning system-notably observation satellites-capable of detecting enemy missile launches, most of the aircraft would have the time to take off before these missiles arrived. The other two measures pose no special difficulty and, therefore, need no further comment.

What would the overall cost--research, development, and production, plus operating expenditures--of this air component be? It would be pretentious for me to answer this question. Determining this cost requires detailed study by experts and military staffs. It is possible, however, to present a few basic facts showing that the air component does offer unquestionable advantages. It does not require installation of large new support facilities. It uses an existing aircraft, and the production cost of 24 military versions represents but a marginal investment compared with the civil version. The cost of an Airbus is 15 times less than the cost of a submarine. A cruise missile is estimated to be 12 to 15 times less expensive than a submarine launched missile. By using the cost of the Tomahawk missile as a yardstick, it is possible to estimate, with no great probability of error, that the production program for the 430 cruise missiles to be carried by the 24 Airbus aircraft would total approximately 5 billion france.

From a capital expenditure standpoint, there is no doubt whatever that the air component is a less costly solution than that of enhancing the submarine component.

When considering operating expenditures, it is necessary to distinguish between equipment maintenance costs and personnel pay and allowances. Here again, there is no comparison. For appreciably the same service life, a submarine requires more complex and more expensive maintenance and servicing than an aircraft. As for operating personnel, the relative costs are easy to calculate: a submarine requires two full crews totaling about 300 men, whereas an aircraft needs three

crews, or 12 men, because of the continuous ground alert requirement. These figures neel no comment and show that maintaining an air component is not only necessary but operationally economical. Basing our deterrence for the year 2000 and beyond solely on the submarine component would be a dangerous gamble, one as rash as the disastrous decision made some years ago to sink colossal sums of money into building a supposedly impregnable Maginot Line which, to our great misfortune, was useless.

Must France Acquire Military Satellites?

The possession of military observation satellites is important for three principal reasons:

- a. They can conduct accurate topographical reconnaissance of the territory in countries over which cruise missiles fly, so as to determine different possible trajectories: initial launch points, alternate points, and any information needed to establish the missile's flight program and profile; it is conceivable, however, that our American allies may possibly be inclined to furnish us the information they have already collected on this subject;
- b. They can provide continuous observation of the potential aggressor's launch sites thereby permitting detection of a possible surprise attack and giving our aircraft time to take off before the missiles arrive;
- c. They can furnish the chief of state comprehensive and instantaneous information on the international situation.

It is obvious that the importance of observation satellites extends far beyond the narrow framework of the strategic air component's single environment. In the decisionmaking process leading to approval or disapproval of the launching of this type of satellite, consideration must be given to such a satellite project's industrial repercussions and also to corresponding civil programs. Europe could indeed collaborate on this project from which it would derive benefit, and not merely in the military field. The Ariane launch vehicle augurs well of fruitful cooperation in the field of military observation and communications satellites. The Technical Directorate for Missiles is already working on a satellite project designated by the acronym SAMRO (Military Reconnaissance and Observation Satellite) that is expected to use the platform of the civil satellite SPOT [Experimental Earth Observation Satellite] equipped with infrared sensors. France is thus in a position to make some interesting proposals to the other European countries, and development of this satellite could start soon.

The technical credibility of our nuclear deterrence, therefore, rests in part on an observation system which is in France's interest to develop in cooperation with its European allies. Moreover, the "sanctuarization" of the national territory does not mean that our security can be totally dissociated from the defense of Europe, the invasion of which would very soon constitute a direct threat to our existence.

Is a defense of Europe thanks to decisive participation by Europeans in the Atlantic Alliance conceivable? And if yes, what part in that defense could our strategic nuclear arsenal play within a system that would have tactical nuclear weapons as a component? These are questions of an altogether different category.

8041

ENERGY ECONOMICS

EEC CONCERNED OVER FUTURE NATURAL GAS IMPORTS

Boan DIE WELT in German 12 Jan 81 p 12

[Article by Irmgard Wilke: "High Import Dependence Threatens for Natural Gas"]

[Text] Brussels—The European Community faces the threat of falling into a dependency relation on third countries for its natural gas supply, similar to that prevailing now for oil imports, by the year 2000 at the latest. In addition there is the problem of rampant price development which holds as much for the natural gas trade as it does for oil.

Experts in the EC stress that at the moment the natural gas supplies of the Community are still largely assured, since it has substantial sources of its own. A glance into the future, however, shows, they note, that the dependency upon third countries will increase significantly in the next 10 years. In 1975 it amounted to only some 6 percent, but in 1980 it was 25 percent. It is projected to reach 40 percent in 1985 and as much as almost 50 percent in 1990.

The experts in Brussels explain that for this reason it is important that the EC countries not repeat the mistake in their natural gas arrangements which they made in the case of oil, with their one-sided reliance on the OPEC countries. The EC Commission therefore urges the member countries to conclude agreements with as many supplier countries as possible.

The European Community also has to take into account that a part of the agreements already concluded—as for instance those with Iran—are no longer secure. It follows from this that of necessity increased efforts must be made within the EC area. The initially very substantial production of natural gas, especially in the Netherlands and in the North Sea, which for more than 2 decades provided for a rapid expansion of natural gas supplies within the Community, is now slowly beginning to stagnate. The first signs of decline are becoming noticeable. Production could by the year 2000 fall to one—half of the present level if new sources are not opened up.

The forecasts of the natural gas producers for the year 2000 range between 104 and 169 billion cubic meters. If we assume an annual rate of increase of natural gas consumption of 2 percent, we obtain a supply deficit by the year 2000 of 130,000 [as published] billion cubic meters. In the light of this not very happy prospect

it is understandable that Western Europe is looking for a mammoth deal with the Soviet Union. The Russians want to supply 40 billion cubic meters of natural gas annually from western Siberia in the next years in the framework of a compensation deal. The Western European countries are to provide credits of about 15 billion marks for the transportation system for these supplies, a pipeline of 5,000 kilometers in length.

The Community at the present has natural gas reserves of about 3,900 billion cubic meters, on the base of which a lifting capacity of some 182 billion cubic meters can be sustained until the mid-1980's. After this time, however, the trend will be declining, the experts believe. The total natural gas potential of the Community, in particular of the continental shelf, is estimated at 6,500 to 7,150 billion cubic meters.

There is knowledge of geological formations in the EC which contain large amounts of natural gas but can be exploited only at high costs owing to unfavorable characteristics of the carrying stone structure. In the Belgian province of Namur in Wallonia, traces have been detected which point to the existence of several billion cubic meters of natural gas, but at a depth of up to 6,000 meters. If natural gas deposits of these dimensions can indeed be proven, Belgium could in parc free itself of expensive imports.

9108

ENERGY ECONOMICS

PAPER COMMENTS ON OFFICIAL REPORT ON ALTERNATIVE SOURCES

Stockholm DAGENS NYHETER in Swedish 29 Dec 80 p 2

[Text] By now it should be clear to everyone that Sweden can be completely energy self-sufficient without needing to decrease its energy consumption.

A recent report from the Oil Replacement Delegation estimates that by 1990 Sweden can replace 715 million tons of oil—i.e. one-fourth of the annual consumption—by using solar heating and solid fuels. Domestic fuels including solar heating are expected to answer for approximately half of the savings, while coal would be responsible for the rest. This would be a decrease in the roll of coal compared to current plans.

Through further measures beyond the major ones proposed by the delegation, the oil savings could amount to 11 million tons. In money terms, each ton of oil corresponds to approximately 1 billion kronor for the national economy.

No scientific breakthroughs or massive investments in technical development are needed to bring about this state of affairs. Using technology that is known today it would be possible to decrease oil consumption considerably.

There is already some experience in this country in the conversion of fuel usage from oil to solid domestic fuels. In Vaxjo, the commune's power plant, with support from the Board for Economic Defense, has converted its combined power and heating plant for burning wood chips. The conversion was carried out with known technology and equipment produced by Swedish workshops. Their experience has been positive. The facility has functioned with high efficiency and to the satisfaction of those involved.

After the test period ended and the state subsidies stopped, the Vaxjo power plant decided to replace just over 20,000 tons of oil with wood chips. This means that the power and heating plant, which is responsible for two-thirds of the heating in Vaxjo, would replace more than half the oil with wood chips. The fuel is delivered from forestry companies active in southern Sweden directly to the heating plant.

The most important conclusion from the work in Vaxjo is that for reasons of emergency preparedness it is more reasonable to convert existing oil-burning furances to burn solid fuel than it is to store oil. If the Board for Economic Defense grants dispensations from the requirement of storing oil for emergency use in cases where heating plants are converted for solid fuel use, such facilities may be used on a large scale.

The essence of our energy policy must be to create markets on the one hand for energy efficient equipment, construction methods, and processes, and on the other hand for domestic fuels. Functioning markets are characterized by buyers and sellers who feel secure in their possibilities for obtaining fuel and offering fuel for sale. In addition, the price must be competitive compared to the alternatives, which may be oil, coal, or electric power for heat production.

It is in this respect that the large-scale development of nuclear power will certainly be a problem. This fact is not hidden by the Electricity Use Committee (ELAK), which at the government's behest has investigated the possibilities of using the additional electric power created by the further development of nuclear power. After industry has received its share, there will be a surplus in the late 1980's corresponding to three or four large nuclear reactors. During a 10 to 15 year transition period, this surplus could be used for heating purposes, thereby reducing oil consumption by between 1 and 2 million tons.

It would be worthwhile, however, to examine ELAK's own assessment: "An abundant supply of electricity for heating purposes could reduce the development of renewable energy sources, thereby complicating and delaying the introduction of wind power, solar heating, and the use of domestic fuels. Interest in conserving electric energy and making use of industrial waste heat could also decline." (Page 92)

It might seem that there should be no competition between the use of a temporary surplus in electricity on the one hand and energy conservation measures and the development of domestic energy sources on the other. The problem, however, is that electric power, in order to be sold in quantities that would make full use of the power plants' capacity, must be priced so low that alternative measures for energy conservation and the development of domestic fuels could not compete.

In view of the surplus of electricity, which is now recognized by everyone, the natural thing to do would be to refrain from completing reactors 11 and 12. Since this seems to be politically impossible for the alternative 2 parties, the Liberal Party and the Social Democrats, to accept, the remaining possibility is to take some older nuclear power plants out of operation. If this is not accepted either, an effort should be made to sell electric power on the export market.

In any case, it is necessary that electric power during the upcoming period be

priced at the same level that will be in effect when nuclear power is discontinued. This means that one must not only consider the variable costs of power plants. One must also take into account the costs of those power plants that will eventually replace the nuclear power plants.

In addition, the state, with the help of its own oil company—Svenska Petroleum—should guarantee oil deliveries to those consumers who wish to convert to solid fuels, in case these fuels are not available to the expected extent.

9336

cso: 3109

ENERGY ECONOMICS SWEDEN

BRIEFS

LIBYAN OIL IMPORTS MAY BE THREATENED—The so-called Telub affair is now threatening Swedish imports of oil from Libya. According to a representative of the Libyan People's Bureau, which corresponds to an embassy, [words indistinct] says that Libya will reconsider its export of oil to Sweden if the agreement between Libya and Telub is broken. It was disclosed last week that 100 Libyans would be given military training at Telub's in Vaexjoe despite earlier assurances that the training was entirely civilian in nature. The government has described it as improper for Libyans to be given military training in Sweden since Libya is [words indistinct] in the Middle East conflict. If the agreement between Libya and Telub is not fulfilled, Libya will request compensation, [word indistinct] the Libyan representative. Libya has paid 300 million kronor for the 4-year training. [Text] [LD170012 Stockholm Domestic Service in Swedish 2100 GMT 16 Feb 81]

CRISIS IN ZONGULDAK COAL PRODUCTION EXPLORED

Situation Criticized

Istanbul CUMHURIYET in Turkish 28 Jan 81 pp 5,7

[Text] When the cost of oil imports rose to \$3.5 billion annually, turning into a monster consuming more foreign exchange than our exports could produce, all eyes again turned to our mineral resources. The plans and government programs point to raising production and making the most of mineral resources, lignite and anthracite as Turkey's salvation from the energy bottleneck. Our prominent and farsighted big businessman Vehbi Koc stressed in a television interview that increasing production of lignite and especially anthracite may be the only salvation. In short, all accounts and all hopes are built on the production of lignite and anthracite which should be, is being or will very soon be raised.

When all eyes turn to the mines, to coal, whether we want to or not, we have to scrutinize only one of our 67 provinces, Zonguldak, and Zonguldak alone. It is the only one of our provinces where we were aware as early as 1879 that it was different from our other provinces, where we deemed it necessary in 1910 to say in a special law: "This is a mining area in every respect." But with all our admiration, championship and recognition of its distinction, it must be a curiosity that 100 years later Zonguldak stands as the only province still without a road and the one with the largest array of problems. And can it really be that the EKI [Eregli Coal Works] is responsible for managing this most valuable mineral? Even though it is true that none of the state enterprises is in very good shape, the most authoritative voices use a single word to describe the status of the Eregli Coal Works: "bankrupt."

With the most authoritative, most official voices harping on raising the production of coal, the production of anthracite, it is like taking a cold shower to come up against the facts of Zonguldak for the first time.

EKI statistics show that production has gone steadily and rapidly downhill since 1974, that investments declined in real value, that losses have managed to double every year, climbing into the billions, that the number of workers in the mines has declined drastically and the number of technical personnel even more so, that the workers at EKI are standing in line to retire, that at this very moment anthracite is having to be imported at approximately one-fourth the rate of production and, as if this were not enough, coal equivalent to the output of one mine is being dumped into the sea every day.

And yet EKI statistics do not give a pessimistic picture as to the presence of coal in the region. Currently known reserves in this region where an average of 3.5 million tons of anthracite is produced annually are 176.212 million tons. The probable anthracite reserves are 264.2 million tons and the possible reserves are 683.8 million tons, resulting in a total of 1,124.3 million tons. In short, there is coal waiting to be produced. The need for coal and the value of it are clear enough to require no argument. It is the increase of production which is seen as the goal and has been placed in the government programs. We have the butter, the sugar, the flour, but still cannot manage to make a cake. Why?

Eregli Coal Works Bottleneck

Istanbul CUMHURIYET in Turkish 28 Jan 81 pp 5,7

[Article by Sukran Ketenci]

[Text] The last time the Eregli Coal Works made a profit was 5.2 million liras in 1969. Every year after that it has always been a question of losses. The loss figure in 1975 rose to 1.8 billion; a year later it was 4 billion, the next 6.4 billion, the next 7.7 billion, and losses in 1979 rose to 12.1 billion liras.

The last year in which the commercial cost of a ton of coal came out even with the sale price was 1969. In later years, however, the commercial cost of 1 ton of coal grew steadily higher than the sale price, with the difference being quite large. In 1977, cost was 1,965 liras and sale price 441 liras; in 1978, cost was 3,160 and sale price 1,224; in 1979, cost was 5,031 and sale price 1,789 liras.

The primary cause of EKI's having this kind of losses is the large disparity between cost and sale price, not the policy of selling coal cheaply. According to the authorities, the basic fault is not that coal is sold cheaply but that it costs so much to produce. But before going into the evaluations by the competent experts, let us turn again to the EKI statistics for simple results, or the plain and sometimes painful facts.

Unchanged Technology

Production technology has not changed very much through the years of operation. Even if it were to change, since it would be a question of advanced technology, it would have to serve the function of reducing cost increases. Yet the kilowatt hours of electricity used per ton of unprocessed coal, which was 25 in 1965, rose over the years to 26, 28, 30, 35 until it reached 36 in 1976 and 39 in 1977. Mine props used per ton, in cubic decimeters, came to 29, 30, 31 in earlier years but rose to 32 in 1979 and 40 in 1980. Dynamite per ton of marketable coal in grams has risen from 47 to 55.

There were 31,625 workers in 1963, a number which grew steadily to a peak of 42,784 in 1977 and was 37,928 in 1980. This development at first seemed to be a positive and necessary reflection of increased production, but it is not producing any positive results when viewed from another angle, because even in 1963 only 12,226 of the 31,625 workers were working directly in production. In 1977, the total number of workers was 11,059 higher than in 1963, but the number of workers directly engaged in production rose by only 2,622.

Yield Per Capita

The decline in the number of workers engaged in production as opposed to the large rise in number of workers, along with a variety of other factors, also brought a reduction in production per capita. The highest production per capita was reached in 1967 when it was 830 kilograms of marketable coal. It declined over the years to 540 kilograms per capita in 1979.

No relationship has been seen between per capita production and wages. The years when total real daily pay was lowest were 1969-1972, the years when per capita production and total production were highest. In later years, neither the increase in the total real daily pay sum nor increases obtained in worker wages and social rights has been a definitive factor in raising production, because the percentage of excavation workers among the total workforce has steadily declined. In 1971, the excavation yield of unprocessed coal was 7,496 kilograms and in 1979, it was 5,706 kilograms.

Drop in Investments Share

Although EKI investment figures make it look as if investments have risen, investments' share of general expenses has steadily declined. The highest percentage of expenses going into investments was 16.11 percent in 1972. One year later, it had dropped to 10 percent and after that slid steadily to 6.32 percent in 1979.

All of these factors which the statistics clearly show have led to the failure to meet program production goals in recent years, both in unprocessed and marketable coal, with production dropping over the years. Production exceeded the program in 1966 and 1967, came out almost even with the program from 1968 to 1972, but in subsequent years has consistently been less than programmed. Program realization rates have been 70 percent - 90 percent at best, with annual differences at least 500,000 tons behind

The EKI's highest coal production level was 5.3 million tons in 1967. Subsequent years have seen production drop with the highest level being 4.965 million tons in 1974. And despite its being a solution to the energy bottleneck, a unique alternative, and even though the national requirement is growing, a continuous decline has been experienced in recent years. Production was 4.295 million tons in 1978, 3.953 million tons in 1979 and dropped to 3.7 million tons in 1980.

Massive Amounts of Coal Wasted

Istanbul CUMHURIYET in Turkish 28 Jan 81 pp 5,7

[Text] The anthracite produced in the Zonguldak region has to be cleansed of foreign matter in the central, Catalagzi and Armutcuk ore washers before it can be used industrially.

The central washer, in fact, is on one of the small inlets within the city, in a place where it can be seen from many sections of the city. The naturally visible result of the coal washing process is in the black mounds piled up on the shore and a pitch black sea which has become unusable despite the extraordinary beauty of the bays and inlets. When viewed up close, the pipes dumping the dirty wash water into

the sea are seen to be carrying big chunks of coal and a thick, heavy mud which could be made into charcoal. Where the pipes empty into the sea is like a giant anthill, busy with the movement of hundreds of people from daybreak to sunset.

This is a race against the sea and the tide, to rescue the chunks of coal poured into the sea from the EKI pipes. The pieces of coal, collected in nets, baskets and hands, first form little mounds which later grow into huge piles. This coal rescued from the sea has a 2,500-3,500 calorie value according to those who collect it and finds immediate buyers at 4,000 to 6,000 liras per ton. This coal, which is used as furnace fuel in the lime, brick and cement industry, is dumped into the sea as a result of the backward technology of the coal washers and the attempt to use antiquated equipment.

The waste coal at the Catalagsi and Armutcuk washers is contracted to private companies. These companies use a basin method to recover the coal dust. At the central washer, however, the EKI has had its own coal dust recovery basins built, though these basins are not now in operation.

According to information provided by EKI officials, an average of 2,000 to 3,000 tons of coal is dumped in the sea daily because of outmoded technology and brokendown equipment at the washers. We should think it would be adequate to understand what a tragic end this is by explaining that the coal dumped into the sea is the equivalent of a day's production of marketable coal at the most productive of the four mines now in operation. Another indicator is the large disparity between unprocessed and marketable coal. Average daily output of unprocessed coal at the four mines this year is 18,917 tons, while marketable coal production is 10,948 tons.

Dumping as much coal as one mine produces into the sea as the result of technical irresponsibility means not only that coal, which is a very valuable possession, is being wasted. The sea is also being polluted, making it impossible to swim and enjoy the beauty of the inlets along the Zonguldak shores.

8349

EUROPEAN COMMUNITY DISTRIBUTES COMMISSION PORTFOLIOS

Brussels LE SOIR in French 9 Jan 81 pp 1, 2

[Article by Serge de Waersegger]

[Text] The lines of authority of each of the European commissioners were decreed at 0100 Thursday. The final distribution of portfolios was known late Wednesday afternoon, but Hr Thorn, the new president of the commission, was unable to avert an all-night marathon session for his team. Simply for emotional reasons.

In this new commission, Mr Davignon, the only Belgian, sees his primary areas of jurisdiction confirmed and extended: previously he took care of industrial affairs. Now he is at the head of a real economic department.

Mr Gaston Thorn, as president, was given responsibility for reorganizing the financial mechanisms of the European Community: his proposal should be submitted to the heads of state and government of the Europe of the Ten toward the end of June. Mr Thorn had hoped to delegate the administrative and preparatory work on the question to Mr Michael O'Kennedy, the former Irish minister of finance and foreign affairs. This, however, was regarded by Christopher Tugendhat (Great Britain), the authority on budgetary questions, as a gesture of lack of confidence in him. He unburdened himself to his national authorities, and several minutes later, Mrs Margaret Thatcher, the British prime minister, called Gaston Thorn on the telephone to express her indignation in the face of what she considered to be a "capitis diminutio" of the British member of the commission. That intervention was coolly received by the other commissioners. It must be understood in fact that the European commissioners theoretically lose their national identity in order to be an independent and supernational college.

On Thursday morning, Thorn nonetheless minimized the interventionist nature of Mrs Thatcher's demarche, describing it as a request.

It took all of Gaston Thorn's patience and diplomacy to defuse the bomb. He stressed that the authority he intended to delegate to Michael O'Kennedy was only temporary and internal, the president retaining responsibility for arguing the reform of the financial mechanisms before the governments. Strictly speaking it took nothing away from Christopher Tugendhat's mandate. Finally, at close to 0100 on Thursday, the incident could be considered closed, and the allocation of portfolios as they had been established Wednesday afternoon was definitively confirmed.

Michael O'Kennedy found himself holding the blurry responsibilities of a "ministry without portfolio."

Dosage and Gluttony

The allocation was made along several axes. Thus, Etienne Davignon wanted to create a large economic department bringing together industrial affairs, energy, and the industrial division of research and supply, particularly with respect to nuclear matters. There had even been talk of also bringing in industrial innovation, one of the subjects brought forward at the recent "European summit" of heads of state and government in Luxembourg.

Viscount Etienne Davignon found himself in competition with Yvor Richard (Great Britain), who was described unofficially in his country's press as needing to get an "important sector." He was aiming for industrial affairs.

In the end, he has taken social affairs from Michael O'Kennedy. The latter had to be content—along with his job of "minister without portfolio"—with personnel and administrative questions. He did not even get environment and consumer protection, which, according to premature information during the night, were to be given him. Those two sectors fell to Mr Narjes.

Another of Davignon's rivals: Mr Karl-Heinz Narjes (West Germany), who would have liked to get the energy sector, previously given to his compatriot, Guido Brunner. Finally, he got industrial innovation, the customs union, and the Internal Market Organization, technical domains but fields which, thanks to the Treaty of Rome, dispose of powerful levers of intervention. He has also gotten responsibility for environment and consumers.

Another reorganization was made with respect to Mr Lorenzo Natali, who retained responsibility for expansion policy, which basically means Spain and Portugal. He was also given overall Mediterranean policy, which coordinates the Arab sectors to Claude Cheysson (development assistance) and the non-Arab sectors (Yugoslavia, for example), which were removed from the external affairs sector which Wilhelm Haferkamp is keeping.

We note that Mr Ortoli is keeping finance, G. Giolitti regional policy and the Funds, Mr Finn-Olav Gundalach (Denmark) continuing as Mr "Green Europe." When the community fishing policy is finally elaborated, it will be taken out of the agricultural sector and given to Mr Georges Kontogeorgis (Greece) who will add it to transport and tourism. Finally, Mr Piet Andriessen (Netherlands) has been given parliamentary relations and competition. To the disappointment of certain members of his staff who hoped for a more agricultural orientation.

The nuclear dossier is shared by Messrs Haferkamp, Davignon and Narjes (security).

First Task: The Budget

The commission as now constituted has as its first task to study in depth the juridical and political implications of the budgetary conflict which is pitting the European Parliament against France, Belgium, and West Germany.

We note in this connection some news from Bonn: according to the government spokesman at his press conference on 21 January, the West German Government may well not go along with the decision of the minister of finance to oppose the supplementary expenditures ordered by the European Parliament. Bonn, he said, is studying the possibility of availing itself of the Court of Justice in its own right if the commission appeals to that body.

Let us recall, as we mention on page 2, that in Belgium the government will not be taking a definite position on this question until Friday.

INTERNATIONAL AFFAIRS

COUNTRY SECTION

PAPER PREVIEWS AGENDA OF NORDIC COUNCIL SESSION

LD121359 Copenhagen AKTUELT in Danish 5 Feb 81 p 13

["HR" report: "Nordsat up for New Nordic Debate"]

[Text] When the Nordic Council opens its 29th session on 2 March at Christiansborg in Copenhagen, Kund Enggaard will be elected president of the council for the session and for the coming year.

The Nordic Council session will last 5 days, and one of the major topics for debate will be the question of the Nordic satellite project "Nordsat." A final decision is not expected to emerge at the session—this will be the concern of individual Nordic parliaments—but the debate is expected to give clarification on this issue, which has been the subject of varying interest for years.

Apart from this, the principal themes at the session are expected to be the question of minority populations, and there will be renewed discussion of the question of independent Nordic Council representation for Greenland, the Faeroes, the Aaland Islands and the Lapps.

The question is at present being investigated by a committee, and the Copenhagen session will discuss its recommendations.

Finally the question of Nordic industrial cooperation with regard to Nordic project exports will also be raised during the 29th session.

One of the regular events at the Nordic Council's annual session is the presentation of the Nordic Council's prize for literature. The event will take place at Copenhagen Town Hall on the evening of 3 March.

COUNTRY SECTION AUSTRIA

SPOE AGREES TO CHANGES IN GOVERNMENT POSITIONS

Zurich NEUE ZUERCHER ZEITUNG in German 16 Jan 81 p 1

[Article by gr: "Before the Cabinet Reorganization in Austria; Approval by the SPOe Executive Committee"]

[Text] Vienna, 14 January—The executive committee of the Socialist Party (SPOe) today approved the cabinet reorganization announced by Chancellor Kreisky. The reorganization has become necessary because Vice Chancellor and Finance Minister Androsch is leaving the government and will join the board of the Credit Institution—Union Bank. As Androsch's replacement Kreisky will entrust Minister of Health Herbert Salcher with the leadership of the Finance Ministry. Salcher will be joined by Hans Seidel, the present head of the Institute for Economic Research, as state secretary. The leadership of the Ministry of Health will be transferred to SPOe delegate Kurt Steyrer. It is expected that Minister of Education Fred Sinowatz will become the new vice chancellor. The cabinet reorganization is to take place next Tuesday.

Androsch's New Post

By then the tug-of-war surrounding Vice Chancellor Androsch's nomination to the managing board of the Credit Institution should also have been settled, because the board of directors of the bank, 60 percent of which is owned by the Republic of Austria, must make a decision on this matter as early as this coming Thursday. The way things stand, Androsch can count on the votes of the 13 members of the board who have been nominated by the SPOe and on those of the Austrian Liberal Party (FPOe), but not on the votes of the members of the Austrian People's Party (OeVP). On the presumption that the members of the board, who are not legally bound, agree to follow the apparent plans of the party secretariats, Androsch would be able to join the managing board of the bank as vice chairman at the beginning of February. His appointment as successor to Director General Treichl, who is chairman of the board, will have to remain pending for now, however.

Salcher New Finance Minister

The new finance minister, Herbert Salcher, is 52 years old, was born in Innsbruck, has a doctorate of law and is an employee of the Regional Health Insurance Fund of Tyrol. He is an active Catholic, has been a provincial party chairman for socialist Tyrol since 1969 and has been lieutenant governor since 1970. In the

fall of 1979 Kreisky appointed him minister of health, in place of Mrs Leodolter. Salcher brings no experience to his new post; Kreisky promoted him for having an "eminently political head" and because of his experience in dealing with hospital construction. As finance minister Salcher will share responsibility for new hospital construction in Vienna. State Secretary Seidel is to help him compensate for his lack of economic experience. Seidel is 59 years old and is the leader of the independent Institute for Economic Research. He has already expressed plans for retirement many times because of his poor health but has not wanted to remove himself from the task of participating creatively in economic policy instead of merely being in an advisory capacity. He has an excellent reputation as an empiricist in economic research and characterizes himself as a convinced "Austro-Keynesian."

The new minister of health, Dr Kurt Steyrer, is a practicing dermatologist. He is 61 years old, was born in Linz and entered politics through activity as a representative of his profession in the socialist physicians' group and in the Vienna Chamber of Physicians. He has been a member of the National Assembly since the fall of 1975. The new vice chancellor, Sinowatz, was born in 1929, comes from Burgenland, has a PhD, is a regional official by profession, has been active as a political functionary since 1961 and has been an SPOe delegate and the minister of education since the fall of 1971. Kreisky thinks very highly of him. In the area of the schools Sinowatz is doing work which is quietly conciliatory but consistently "changes society" in the Austrian Social-Democratic sense.

11949

COUNTRY SECTION BELGIUM

MARTENS ON POLITICAL, BUDGETARY PROBLEMS; RELATIONS WITH ZAIRE

Brussels LA LIBRE BELGIQUE in French 13 Jan 81 pp 1, 3

Interview with Prime Minister Martens at 12 January 1981 luncheon with the staff of LA LIBRE BELGIQUE: "I Am the Prime Minister All the Way"

[Text] Before presiding over an important cabinet committee meeting on general policy, Mr Martens on Monday, at lunchtime, granted a rather appreciable interview to our editors as parliament resumed its session. The first-class ministers were supposed to take up the steel industry, the tax amendments to the recovery law, which divided the majority, and relations with Zaire during that meeting. The prime minister reviewed the political problems of today but also those of tomorrow. In a more personal vein we note that Mr Martens does not intend to confine his role to the community problems "because he is the prime minister all the way." An opponent of pessimism and negativism "because we still have some of the aces we need," the prime minister also called for a "positive outlook."

Below, the reader will find the complete text of our conversation with the prime minister, along with our comments on page 2 [not included]. Some important elements can be singled out in terms of facts and their impact.

Recovery Law

The administration has done everything possible and even impossible in dealing with the social partners whose credibility has not been enhanced. But it cannot remain passive: The political establishment goes into action since the 18-month economic coordination cycle has run its course. The current situation however does not signify the end of the economic coordination policy. The provisions of the agreement among the various worker categories, negotiated at Val Duchesse, are not included in the law, in spite of the request of the CSC [Confederation of Christian Trade Unions] because of the absence of unanimous agreement among the majority and the commitment of all labor unions to social peace. On the other hand, a solution was to materialize on Tuesday within the majority concerning the tax dispute.

Budget

Because of the budget control operations—the statistics in the "hole" in the 1981 budget vary according to estimates and according to the ministers—new measures

are to be expected after the vote on the recovery plan in parliament but before Easter; they imply political decisions and constitute a "challenge" to the administration and its majority. The structural measures will extend over several years.

Community Matters

The administration will launch an initiative prior to the end of January to promote the community elections of October 1982 and move toward the solution announced for Brussels; that involves an ad-hoc group or a parliamentary committee. Elections to the urban area council and the Brussels people's referendum are not "opportune" and the administration does not wish to allow itself to be provoked.

Zaire

Mr Martens has the intention of accepting as soon as possible (in February?--the editors) the invitation of President Mobutu to go to Zaire because he reserved himself the right to establish the direct contacts necessary for good and normal relations.

Miscellaneous

The prime minister is still dealing with the recent school agreement (an irreversible step has been taken and the decisions are now operational), the steel industry, the European budget, etc. He stressed the "homogeneity" of the majority.

That did not prevent the SP [Socialist Party] office on Monday from upholding its amendment on the crisis tax, feeling that a forced loan would be "unconstitutional." The CVP [Christian People's Party] in turn recalled that it was necessary to move fast. And the PS [Socialist Party] preached agreement among partners. The PSC [Social Christian Party], through the pen of its chairman, Mr Vanden Boeynants, presently laid up, recalled his rejection of any new tax burden.

Interview With Prime Minister: "Neither Pessimism, Nor Negativism"

The prime minister was questioned at noon on Monday by our political, economic, and social editors. Here are the questions and the responses given by Mr Martens.

[Question] Your 1980 record, first of all: Four administratic is in just one year is a lot and that itself points to the crisis of the regime.

[Answer] In that respect, 1980 was not a good year. The failure of the tripartite conference was a disappointment and a serious matter, not only for the pursuit of government reform but also for the recovery of our economy and our public finances; we were as a matter of fact entitled to hope that the three parties with national standing would be capable of collaborating within the administration and being effective. Unfortunately, after a good start and success on the community level, the tripartite undertaking failed on the issue of economic recovery, on a matter of 3 billion which perhaps was the symptom of the impossibility of certain political groups to collaborate within the administration.

But all of this is not negative. The year 1980 cleared the normal ways of government: The voting on the laws of 8 and 9 August regarding government reform removed the prerequisites of a community nature which hindered the functioning of government and the adoption of budget and recovery laws.

Here is another positive thing: The team combining Social Christians and the Socialists in power was capable of putting through a real recovery program with homogeneity and the very real difficulties with the labor unions and the other social partners.

[Question] Certain commentators wrote that you want to give the impression that you are the only one who can resolve the Belgian crisis. The fact that you have been prime minister four times could confirm this opinion.

[Answer] I have the impression that some people would like to limit my role in dealing with community problems. That I do not accept! I want to prove that, regarding all the other problems likewise, I can be the prime minister all the way.

Recovery: "The Political Establishment Must Intervene"

[Question] Here is the first problem for 1981: The recovery bills.

[Answer] We have been implementing economic coordination in an almost uninterrupted fashion for the past 18 months, ever since the formation of my first cabinet, at that time with the discussion on the 36-hour work week but also on the
regulations for wage freezes, mentioned in the Vanden Boeynants accord. It must
be said, in the light of the failure of the National Labor Conference and then
the latest attempt at Val Duchesse, that this period of time, this cycle is now
over. It is now up to the political establishment to intervene. I believe that
this is the feeling of those in charge of the majority groups.

[Question] Is this the end of social coordination?

[Answer] We have drawn the conclusions from the absence, over a period of 5 years, of a collective bargaining agreement among the various worker categories and the failure of the latest attempts. We had to intervene. It was impossible to remain passive after having done everything possible and even after having attempted the impossible.

[Question] In other words, the Belgian model does not work during times of crisis?

[Answer] I am convinced that, if those who are responsible for the general welfare -- the politicians, the government, parliament--make the decision, things will change--and that is almost a commonplace--but also that the possibility of arriving at an agreement will once again be greater, in the future, much greater in any case than during the current deadlock situation.

[Question] Are you sure that you can get the total support of Mr Cools? The pressure from the FGTB [General Federation of Labor of Belgium] will become stronger.

[Answer] I believe that things are quite clear on that side.

[Question] And what about Mr Van Miert?

[Answer] I believe that Mr Van Miert and the SP must admit that the administration has done the impossible in order to arrive at an agreement.

[Question] Following a CVP congress, you told a journalist about your worries concerning certain anti-union tendencies. What is your feeling right now?

[Answer] The situation obviously is very serious, and so is the failure of economic coordination. The credibility of the social partners certainly was not enhanced, especially since we were very close to an agreement at Val Duchesse.

What we are doing now is not a model for the future. I believe that it will be necessary to go back to a system according to which wage negotiations entail the conclusion of agreements.

That does not mean the end of economic coordination; in September 1981, we will get the social partners together again especially to review the effects of moderation on employment. In February, undoubtedly, we will again talk about industrial policy.

[Question] The royal decrees relating to social security (contributions) and to the regulations on unemployment were put out in December. But the administration is still issuing a "standing appeal" for an agreement among the various worker categories. Do you believe that this is still possible? Especially since it would not generalize the problems any more, which was done by the agreement draft which included unemployment, social security, etc.

[Answer] Strictly speaking, a collective agreement among the various worker categories deals only with working conditions, working hours, wages, etc. We included taxation and social security in economic coordination upon request of the social partners in October 1979. Besides, the overall agreement draft would have been implemented, regarding the wage hold-down in the private sector, through a collective agreement among the various worker categories but for all other points this would have been done through decrees or laws, however with the "assent" of the social partners. But we did not get that assent.

[Question] You saw the labor unions again last week.

[Answer] Upon their request. I could not refuse. If the FEB [Federation of Belgian Enterprises] asked me for an interview, I would not refuse either.

[Question] What did you discuss with the labor unions?

[Answer] You know that. They told me about their dissatisfaction regarding the decrees on unemployment and they expressed their viewpoints concerning the bill on the wage hold-down. The CSC wants the preliminary agreement of Val Duchesse included in the bill.

[Question] But that was not done.

[Answer] There was no agreement within the majority group to go back to this alternative. Besides, without a commitment from the social partners regarding social peace, it seemed impossible to me to get parliament to accept the Val Duchesse alternative.

[Question] And did you get such commitments? Apparently not.

[Answer] (...)

[Question] But, specifically, if the administration pushes the recovery plan through, although it has no guarantee concerning social peace, is this still a recovery plan?

[Answer] Of course. Everybody must abide by the law.

[Question] But the right to strike has not been eliminated as far as we know.

[Answer] Yes, yes. But we have arrived at a moment when those responsible for the general interest of the country must make decisions which are necessary.

[Question] Basically, some consider your recovery plan to be only a first step. Others challenge the effectiveness of moderation on the side of the enterprises.

[Answer] The Flemish liberals challenge it. The PRL [Party of Liberty and Reform] not only accepts the principle of moderation but believes that it is necessary and that what has been done so far is not enough. As far as effectiveness is concerned, I may be permitted to quote the IRES [Royal Statistics Institute?], emphasizing that, if we manage to keep wages within the limits of inflation (through indexing alone) and if inflation is kept within reasonable limits, less than what it is abroad, we should get a gain in competitiveness for our enterprises, estimated at between 4 and 5 percent.

Finally, the economic recovery plan deals with various sectors and has a considerable impact; a total of something like 58 billion, including 27 billion due to wage hold-down alone (including 25 for the enterprises), 9.5 billion connected to the taxation system, involving 3 billion for the PME [small and medium-size businesses], certain tax exemptions for reinvested capital, etc. As for the allocation of the yield from wage hold-down, a system has now been worked out on the enterprise or sector level. I would like to point out that the reduction in working hours was calculated in the wage costs.

[Question] What about the range of taxation? Have we not reached insupportable thresholds?

[Answer] It has been a constant feature of the last administrations to say that we cannot increase the tax pressure on that level, that we have made real progress. We imagined a system of forced savings to demand a supplementary contribution from high income earners likewise. But I would also like to point out that, in the

public sector and particularly among the semipublic finance companies, high earnings will provide a considerable effort, with a solidarity contribution of 2.7 percent starting at 55,000 Belgian francs and that, for self-employed individuals, the supplementary contribution will be bigger than for those who—like my-self--pursue a profession.

Finances: A Challenge Before Easter

[Question] The economic recovery plan does not talk about public finances; this undeniably is a big vacuum. Could one not accuse the administration of a certain degree of neglect in the overall approach to the crisis?

[Answer] One cannot do everything at the same time; that is obvious. That means that, after the economic recovery plan, there will be a group of measures concerning the budget and the financing problems. We started the discussion on that subject yesterday afternoon.

What are its elements? We have drawn up a budget showing a deficit of 90 billion in current operations and 151 billion in capital expenditures. Following our latest estimate review, we must add to this a tax loss of 50 billions. Right now this means 292 billion. It also remains for us to find out what data we are going to get from the budget minister after the "budget check."

[Question] Mr Eyskens speaks of 160 billion in current operations.

[Answer] Mr Eyskens is counting about a score of billions of supplementary expenditures but, I repeat, the budget minister is the one who is going to supply us with the data on this subject.

[Question] That raises the problem of financing.

[Answer] We have some big problems on that score, as a matter of fact, and we must not forget that. I am talking here for example about the Highway Fund, a sector without a budget, whose expenditures we now have to shoulder in a frightening fashion. This means that the problem is not only a budget problem; the financing problem is particularly serious during the first 3 months of the year.

[Question] Sunday, on television, you talked about structural measures and measures having to do with the economic situation.

[Answer] I wanted to indicate that the deficit in current operations, in recent years, is on the order of 110 billions. It is the structural element of the deficit which calls for structural solutions. It is obviously impossible to resolve this issue in just one single fiscal year. It would be necessary to spread the recovery out over, let us say, 3 years. Along with that, the tax losses for 1980 and 1981 can be considered as the economic element in the crisis of public finances and that in turn calls for solutions of an economic nature.

[Question] The time of "leveling" operations of the kind that have been carried out so far is over. What now are the basic options which the administration can fall back on in this field?

[Answer] I indicated earlier that the government declaration is more vague on that score than it was for the recovery plan. This is a political decision which must be carried out and which must have the approval of its majority. Once again, the government will have to govern.

(Question) There has been skepticism among public opinion on that subject.

[Answer] The same skepticism existed regarding the administration's capacity to carry out its recovery plan. It is true that this is an exceptional challenge for us but I can assure you that you will be able to judge us very quickly in this regard. Let us say that the target date should be before Easter.

[Question] Regarding the forced loan, it must just the same be disclosed right now that, with inflation being what it is, this figure of 5 million will involve more and more people. Now, the question of lowering that threshold has already been raised.

[Answer] The administration will establish contact this Tuesday with the majority group leaders before making a final decision.

Community: "An Initiative By the End of January"

[Question] Let us now take up the community issue. One thing is taking shape in this area and that is the so-called final solution for Brussels. When will the study group, charged with drafting the charter for the capital, be set up?

[Answer] I would not like to create too much publicity about community problems during this period of time since public opinion would not correctly understand this issue. That does not mean that these issues must be neglected.

My intention is to make a move toward the end of January; I believe that we should get the study group or the parliamentary committee going with the intention of arriving at a solution prior to the 1982 community elections.

[Question] Is that the absolute deadline you have set for yourself?

[Answer] There is every indication that we have to finish up before that date.

1 am afraid that the situation otherwise might become difficult or inextricable.

[Question] Are you going to stick to what has been provided, in other words, the representation of all parties within that committee?

[Answer] That was my intention and I must have coordination on that score within my administration and with the political leaders in parliament.

[Question] The positions of the CVP and the SP seem to merge in demanding especially equal representation within the representative bodies. Do you think that this might pose some problems?

[Answer] I do not believe that the Flemish parties will demand parity. They accept the system of normal elections within the councils but they demand guarantees regarding the executive branch.

[Question] You talked about equivalence or equivalent presence. Is this a qualitative or quantitative notion?

(Answer) It is qualitative.

[Question] There seems to be a hesitation presently between a community solution and a regional solution for Brussels, in other words, either running the region as it is or as a conglomerate of two communities, each of which is concerned with its own affairs. There has therefore been talk of apartheid with all of the management difficulties entailed in that.

[Answer] The system proposed by certain groups—a coalition of the Walloon region and of the Brussels region, would be the worst of all. This would mean the end for Brussels.

The basic choice for the capital must yet be made. Regarding certain problems, one can opt for a regional solution, provided only that the equivalent participation of both communities is ensured.

In some important fields, for example, we have instituted the system of personalizable subjects, whereas others propose a regional solution which would perhaps be more effective. But once again, the equivalent participation of both communities is absolutely necessary.

[Question] The personalizable system thus is not irreversible?

[Answer] In the Constitution, provision is made for the possibility of amendments with a view to an original solution.

[Question] One sometimes gets the impression that the atmosphere is more favorable within the Brussels parties, both Flemish and French-speaking, than on the national level. Would it not be necessary to involve them more closely in the discussions?

[Answer] It seems to me in effect to be necessary first of all to consult those who are most directly interested.

[Question] Equivalence or parity would be more acceptable for the French-speaking people if the boundaries of the region were to be somewhat enlarged, which would involve an influx of Flemish population.

[Answer] ...

[Question] Some people also suggest new elections within the urban area council.

[Answer] They do not seem a good idea to me right now. We have to wait for the results of future negotiations.

[Question] What do you think of the "referendum" which will take place at the end of the month in the Brussels communities?

[Answer] The administration will not allow itself to be provoked,

[Question] PS and PSC officials approve this referendum.

[Answer] We have reduced the importance of this referendum to what it is. We are not going to supply grist for the mills of those who at all costs want to revive community tensions. This referendum is inopportune and the facts show that it will not have the kind of political significance which some groups want to assign to it.

[Question] The constitutional reform however remains yet to be implemented and the controversial issue of the arbitration court in particular is still up in the air. What are the administration's views on this matter?

[Answer] The government feels it necessary to create the court. We did not wish to force parliament to vote on a bill in haste. If I were to be cynical, I would say that the initial bill which we submitted is the only one that would have permitted an agreement between Messrs De Bondt and Hoyaux. It was criticized by the Council of State and certain parliamentary delegations; we therefore did not want to force a decision in the month of August. Unanimity is now being developed in parliament on the basic principle of the court; when the judges make a decision on a matter within their competence, they will be sure of being the last to decide. Many of them furthermore insisted on this necessity.

Zaire: Direct Contacts

[Question] Relations between Belgium and Zaire have been somewhat tense in recent days. What is the administration's attitude? Are you yourself not planning to go to Zaire?

(Answer) Regarding our relations with Zaire, I have always proved to be cautious and I will remain so. Like other political leaders, I am aware of the importance of normal and friendly relations with that country. I find that problems and moments of tension arise at regular intervals. Starting on Honday, the administration held a lengthy discussion regarding relations which we maintain with Zaire as well as in connection with the problems that have come up recently.

For my part, I have long had the intention of accepting an invitation to go to Zaire. I have been prevented from leaving on several occasions because of the Belgian domestic situation.

Everybody knows what my opinions are. I am not at all influenced by certain currents. I reserve myself the right to have direct contacts which are necessary for good and normal relations between our two countries. I have the intention of going to Zaire the moment this is possible.

I repeat: In my capacity as head of government, I definitely want to have direct contacts with Zaire, just as other members have had them.

Europe: Steel Industry and Budget

[Question] Without prejudging Belgium's response to the European Commission regarding aid to the steel industry, could you spell out for us the administration's current philosophy on this subject matter? Might it possibly be inclined to abandon certain aspects of the "Class plan" which today seem difficult to implement?

[Answer] There was never any question of going back to the "Claes plan." On 18 September, a whole series of decisions was made in this context.

Regarding the financial contribution from the private sector, we have arrived at a very specific stage since we received a firm proposal from that sector. On that score likewise, we are going to have to make a decision because the proposal that was made differs considerably from the 1978 Hanzinelle accord.

[Question] Since you are an advocate of European construction, did you not feel some embarrassment following our change in attitude toward the European budget? Can one synthesize the administration's decision of last Friday by saying that, contrary to what Mr Mathot had said, Belgium will not refuse to pay the challenged portion of the supplementary budget but will simply defer the decision?

[Answer] Beigium has already paid the portion entitled "Aid to Italy" which could not be challenged. Regarding our contribution of 500 million, the administration has decided to establish contacts with a view to finding a solution with the various partners of the Community. So far, we have held back on our decision.

The position of the Belgian administration has not evolved. Payment simply depends on the solution to be found. That is the precise significance of the administration's decision adopted last Friday.

[Question] Was there also, at the end of December, an agreement in the cabinet regarding the position advocated by Mr Mathot?

[Answer] Yes, Messrs Mathot and Nothomb reported to the cabinet on 23 December. Both of them explained the position which Mr Mathot had advocated before the budget council. The cabinet adopted that position.

Education: An Irreversible Course

[Question] At the end of last year, we witnessed a socialist offensive in the field of education. A new move is scheduled for 15 January. Does this mean that there is a risk that certain decisions might be challenged?

[Answer] The decisions that were made were published in LE MONITEUR. Among other things, that includes the decree on rationalization and planning which had the immediate effect of releasing building funds.

Regarding the budget impact, the ministers of the national education and of budget are to present proposals on 15 January. After a basic decision, an operational decision was then made. And that was done without any trouble. This is an extremely important phase after 6 or 7 years of hard work.

[Question] In other words, it is no longer possible to backtrack?

[Answer] No. We have embarked upon an irreversible course.

First-Class Ministers

[Question] There is a certain malaise within your administration and it involves ministers who are not "first class" and who are not members of the restricted general policy committee (the "kitchen cabinet" as it were) where all the decisions are made. They increasingly get the impression that they are on the outside looking in.

[Answer] Other than the fact that the members of community and regional executive bodies already have specific responsibilities, one cannot deny that the evolution of our political life necessitates regular coordination of the different families within the majority.

Instead of organizing "summit meetings," which used to be in vogue—and from which some ministers were also excluded—I have given official standing to the term "kitchen cabinet" on Monday to guarantee coordination and to spell out the political options. It is then necessary to translate these options into specific decisions—and we are going to do that more and more—within the cabinet and the CMCES [Ministerial Committee for Economic and Social Coordination); we must not forget that the latter is the administration's decision—making body for economic and social matters.

At any rate, delicate political problems have always been settled in recent times within the cabinet, even though the deliberations had been prepared within the "kitchen cabinet" as such.

But, no matter--this kind of chain of command is necessary for the efficient functioning of the administration and it exists in many other countries.

Moroseness

[Question] How do you explain the fact that the country is so pessimistic, so morose, so bleak?

[Answer] First of all because of the climate! But, after 10 years of community conflict which we have just gone through, there is too much of a tendency to fear a political crisis each day. We must accept the fact that there have to be discussions—provided of course they do not last too long—but we must also believe in the possibility of resolving those issues.

We still have the means and the aces necessary to reverse the evolution and to make possible that which is necessary. But a new, positive mentality is indispensable. Otherwise we are going to create such a feeling of pessimism and negativism that in the end we will no longer be capable of doing anything at all. Otherwise, also, life will become impossible for the country's leaders on the very highest level likewise.

5058

COUNTRY SECTION CYPRUS

RAIF DENKTAS RESIGNS FROM NATIONAL UNITY PARTY

Nicosia HALKIN SESI in Turkish 31 Jan 81 p 1

[Text] Nicosia (TURKISH AGENCY CYPRUS) -- NUP [National Unity Party] Nicosia National Deputy Raif Denktas resigned from the party yesterday.

Raif Denktas said in a letter of resignation sent to Turkish Federated State of Cyprus Prime Minister Mustafa Cagatay, "I am by nature opposed to your intolerance of open democratic struggle within the party against the ostrich policy which you represent and stubbornly pursue."

"I am quite well aware of the desires of the yes-men who form your circle to get me out of the party and create a garden of thornless roses for themselves," said Raif Denktas, who said the following, in summary, in his letter of resignation:

I Do Not Approve

"As a citizen who has fought since the founding of the NUP for democratic expression within the party in order to make it dynamic not sedentary, revolutionary not bound by the status quo, but who holds a political view which needs no justification before anyone, it is impossible for me to approve your administration.

"In view of your failure to act in connection with the disciplinary offenses which have been and are being committed within the party, your pretending not to see that the politicians whose time has long since been up who can contribute nothing to society but take a great deal from society are tightening the circle in order to hold on to their seats, and your decision to bring me before the disciplinary board in order to push the Kemalist Revolutionary Opposition Group out of the party, I inform you of my decision to resign from the National Unity Party and also that I am aware that this will please many within the party.

"I am resigning from the National Unity Party as of today."

The 23 assembly seats held by the currently ruling NUP are reduced to 22 with the resignation of Nicosia National Deputy Raif Denktas.

Frictions

Prime Minister Hustafa Cagatay, answering questions by a Bayrak Radio-TV reporter about Raif Denktas' resignation from the party, said that he did not wish to comment at this stage.

Raif Denktas had indicated some time ago that he was unhappy with the government and announced formation of the "Kemalist Revolutionary Opposition Group" for the purpose of promoting democratic struggle within the party.

Prime Minister and NUP Chairman Mustafa Cagatay had also announced that he would be referred to the disciplinary board on charges of behavior detrimental to the party.

Party Statement

Meanwhile, the NUP executive board made the following announcement last night:

"The National Unity Party General Executive Board held its regular meeting today (yesterday) and discussed the topics on the agenda. The resignation of Mr Raif Denktas, which just occurred, was also discussed. The General Executive Board has assigned the General Secretary to consult with Mr Raif Denktas on his resignation."

8349

COUNTRY SECTION CYPRUS

FEUD OVER PRESIDENTIAL CANDIDATES BEGINS

Nicosia BOZKURT in Turkish 29 Jan 81 pp 1,4

[Text] Nicosia -- In a statement reflecting the party views on candidates for the presidency, Democratic Peoples Party [DPP] General Secretary Ismet Kotak said yesterday that the party is now reviewing applications for national deputy candidacies and that contacts were going forward at this level. "No presidential candidate has been chosen. The competent organs of our party will be studying this matter and will make the necessary decision," he said.

Kotak noted that reports published in the Turkish press about Osman Orek did not originate from party sources, that those newspapers had not come to them before publishing the Cyprus representatives and that they had been given no information confirming those statements. He pointed out that the DPP would make a decision on the presidency, as in all other matters, to safeguard the higher interests of the national Turkish Cypriot community.

CLP Statement

Meanwhile, Communal Liberation Party [CLP] General Secretary Ismail Bozkurt said in a press release yesterday that the Republican Turkish Party [RTP], in putting up a candidate for the presidency, would be attacking the CLP rather than presenting a candidate to the public. He recalled in the CLP release that the RTP had called for a joint candidate by the opposition parties, had made preliminary contacts with the other parties in this regard, but when the CLP candidate was chosen, had put up a candidate of its own. He said in summary:

"There was no question of a serious or concrete proposal conveyed to the CLP by the RTP. All the RTP did was get a sort of pulse indicator as it usually does in order to frustrate future plans. The information we have received is that the RTP made no contacts with other parties."

Ismail Bozkurt stated that they had a natural right and duty as the major opposition party to put up a candidate in the presidential elections and that to avoid this would be the same as avoiding their responsibility to the public. He said, in summary:

"Although the natural duty of those who wish to work togetter in the presidential election is to support the major opposition party candidate, we are not making the attitude of the RTP, which is not willing to do this, cause for an attack. Nevertheless, it is impossible to ignore the display of petty politics in concealing

the facts in this regard from the public and failing to give adequate information. It seems that the RTP is using "cooperation" as a war cry to destroy all the kinds of cooperation possible in democracies. It is as though it cannot help but feel: 'If the RTP cannot win, then neither should the CLP.'"

8349

COUNTRY SECTION CYPRUS

ISLAMIC COUNTRIES TO PROVIDE TESC AID

Nicosia HALKIN SESI in Turkish 1 Feb 81 p 1

[Text] Nicosia (TURKISH AGENCY CYPRUS) -- Head of State Rauf Denktas and Minister of Foreign Affairs, Defense and Tourism Kenan Atakol returned to the island yesterday at 1945 hours after representing the Turkish Federated State of Cyprus [TFSC] at the Third Islamic Conference.

In a statement given at Ercan Airport, Denktas said that it was resolved at the conference to provide economic aid to the TFSC. Denktas said:

"We have been away from the island in order to attend the Islamic summit conference. We were accompanied at this meeting by our delegation. You are aware that we have observer status. At this stage, we requested that the Cyprus problem be discussed at this conference and the Cyprus problem was postponed to the next meeting. However, in view of our position in the Islamic Union, the view was reapproved among the economic decisions taken that economic aid should be provided to the TFSC, the Turkish Cypriot community, and thus an important decision of the summit conference was carried out. I had the opportunity at this meeting generally to make bilateral contacts and talk with the leaders of the Islamic world and to give them information on the Cyprus problem and talks. At the same time, I met and talked with Mr Arafat for the first time. As a strong leader in the faith, he has respect and affection for the Turkish Cypriots.

"The Islamic Union and the Islamic world are dealing with insistence and conviction with two vital topics. One is the Jerusalem problem. The other is the Palestinian question. They are taking up these two topics with ever growing enthusiasm. We always attend these meetings, but this time saw a stronger, more credible unity and decisiveness. They resolved to use every recourse including the oil weapon to free Jerusalem and protect the rights of the Palestinians, and they naturally called for the support and aid of all states of the Islamic community in order that this might come about. We naturally support our Palestinian brothers with all our hearts as a community which knows what it is to be without a country and we hope that the Greek Cypriots in the South and their leaders, who are sending messages of support to the Arab world, will now take a more realistic stance in this Palestinian problem and will sever their relations with Israel as was requested at the Islamic Union meeting. They cannot let these contacts continue.

"In general, this was a very beneficial meeting and we have returned to the island with a feeling of satisfaction."

Meanwhile, in response to a question by a member of the press as to "whether the intercommunal talks were discussed in the meeting with UN Secretary General Waldheim," TFSC President Rauf Denktas said, "Yes. The meeting was requested for this purpose. We talked with him for about an hour. Of course, we gave him information on the status of the intercommunal talks and developments in these talks. I gave him our evaluation and also heard his views. It was a beneficial meeting."

COUNTRY SECTION DENMARK

FOUR NEW MINISTERS APPOINTED IN CABINET SHUFFLE

Copenhagen BERLINGSKE TIDENDE in Danish 21 Jan 81 p 7

[Text] Mogens Lykketoft New Tax Minister

Taxpayers should not expect any greater peace of mind with the new tax minister, Mogens Lykketoft, than they had with the departing minister, Karl Hjortnaes. The union movement's most active idea man has now been placed in this important cabinet post. And it is Karl Hjortnaes' opponent in tax policy within the Social Democratic Party who is inheriting his position.

The men behind Mogens Lykketoft's placement in the government appear to be Finance Minister Svend Jakobsen and Social Democratic group chairman Knud Heinesen. Svend Jakobsen also shares experiences with Mogens Lykketoft from a joint effort to get a Social Democratic party congress in 1973 to approve an alternative tax proposal rather than the one presented by party leaders. In Mogens Lykketoft the government is acquiring a new economist who not only had a long history of opposition to his predecessor but also sharply criticized a proposal from Economy Minister Ivar Norgaard on transferring capital from pension funds to businesses. Mogens Lykketoft preferred taxing the pension funds and the assets of insurance companies instead.

Mogens Lykketoft is 35 years old, holds a degree in political science and has been on the Labor Movement's Job Council since he was 21--most recently as division leader. He is a member of Folketing from Amager and has served on almost all the influential committees in LO [Danish Federation of Trade Unions] and the party dealing with the economy, tax policy and OD [Economic Democracy].

Bjorn Romer Westh New Agricultural Minister

It has been nothing less than a lightning career for agricultural in the Bjorn Romer Westh, 36, who is replacing EC commissioner Poul Dalsager as minister of agriculture after only 3 years in Folketing.

Bjorn Westh, who belongs to the coffee club surrounding Birthe Weiss, has been the Social Democratic agricultural policy spokesman for the last few years.

He was solidly with the government when the very heavy negotiations on agricultural support were held in the fall. The position was clear--no general subsidies to farmers and that is how the talks ended. Thus it is a relatively calm ministry Bjorn Westh is now taking over.

Bjorn Westh began his political race on the Moldrup municipal council in 1970 where he was chairman of the property committee for 7 years. With his appointment as minister of agriculture the choice will probably be easy when he has to decide between Folketing and municipal politics in November. The Social Democratic congress has banned so-called double seats.

Ole Espersen New Justice Minister

It was the high point in Ole Espersen's career when he agreed yesterday to serve as minister of justice. The 46-year-old political spokesman for the Social Democratic Party and Radio Council chairman has long had his eye on the post--so long that this reshuffling of the present cabinet was regarded by some as his last chance to have his greatest wish fulfilled.

After 7 years in Folketing, elected in the Bronshoj district, the professor of public administration law can now take his place in the most important position in the ministry where he started out as a very young secretary. As chairman of the Legal Committee Ole Espersen has been regarded for a long time as a kind of deputy minister of justice, always ready with statements on legal policy. When he had to relinquish the chairmanship to Jimmy Stahr he had an opportunity to concentrate more on his post as political spokesman.

Ole Espersen has always been among the loyal party soldiers but he has had his own opinions on many big problems. He rejected EC in 1972, recommended a modernization of the monarchy, a re-evaluation of airplane purchases and much more, placing him politically in the Social Democratic left wing.

Many people regarded the post as chairman of the Radio Council as a thankless one but Ole Espersen has enjoyed it.

Tove Lindbo Larsen New Church Affairs Minister

A woman with an understanding of food is replacing Jorgen Peder Hansen as church affairs minister and minister of Greenland affairs.

Tove Lindbo Larsen, 52 years old, the daughter of a Copenhagen director, had a commercial secondary education and was trained as a home economics teacher at teachers' college. She has gone through the Social Democratic apparatus in the consumers' cooperatives, AOF [Workers' Educational Association] and the Pensioners' Association as well as holding a large number of positions of confidence in the party organization. She entered Folketing for the first time in 1971-73 and again from 1977, elected in the Southern City District.

As vice chairman of FDB [Danish Cooperative Wholesale Society], member of the State Household Council and the Food Council and chairman of the Nordic Cooperative Committee on Housekeeping Instruction Tove Lindbo Larsen has specialized primarily in the culinary arts.

Of her qualifications for the new party appointments Tove Lindbo Larsen said yesterday that she had been in Greenland three times and was familiar with Greenland's special job problems from her post as chairman of the Folketing Job Committee. She has held that post since the 1979 election.

Of her Christian activities she said that she is a member of the Church of Denmark and--like most other Dames--she didn't go to church often enough.

Tove Lindbo Larsen does not have a sharp profile in Folketing--with the possible exception of her period as spokesman on consumer issues.

6578

CSO: 8113/0642

BUNDESBANK LOWERS MINIMUM RESERVE, RAISES REDISCOUNT QUOTAS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Jan 81 p 11

[Article by Ss]

[Text] Frankfurt, 22 January-On Thursday, the Central Bank Council of the German Bundesbank decided to lower by 7 percent the minimum reserve rates for deposits at the Bundesbank beginning with 1 February. The result will be a reduction of approximately DM 3.7 billion in the reserve requirement. At the same time, beginning with 1 February there will be an increase of approximately DM 3 billion in the rediscount quota, which is the framework within which credit institutions can present notes to the Bundesbank for the attainment of Bundesbank assets. In this connection, the norms for the quotas which determined the eligibility of individual credit institutions for the rediscount were recalculated.

The Bundesbank measures are apparently acknowledging the fact that the various types of loans that have of late been taken out by credit institutions at the Bundesbank have been larger than the deposits available at the Bundesbank. According to the weekly report of 7 January, Bundesbank claims against credit institutions amounted to DM 56.8 billion, deposits by credit institutions, however, came only to DM 47.1 billion. Furthermore, it had to be taken into consideration that on 4 February pension transactions involving approximately DM 9.9 billion in bonds that are included in the loans by the Bundesbank will have to be settled.

The measures adopted on Thursday, however, are not only placing at the disposal of banks the full amount of this transaction. If the Bundesbank had not released minimum reserves and increased the rediscount margin, it would have to provide the necessary funds to the credit institutions on 4 February in a different manner—perhaps through prolonging the pension transactions—unless it wants to put pressure on interest rates in the FRG, pushing them even higher.

Apparently the Bundesbank cares a great deal about keeping the bonds from pension transactions from expanding too much, because it does not look upon them as "normal" refinancing.

Last year the Bundesbank facilitated refinancing opportunities for credit institutions as well. It is necessary particularly when the Bundesbank loses currency reserves, because credit institutions are losing deposits at the Bundesbank to the

same degree as the reduction in currency reserves, and under certain circumstances they are forced into high rates of refinancing at the Bundesbank. Under these circumstances, such a policy is not a fundamental reversal to a less restrictive control of the money supply. It is aimed, however, at preventing an even greater tightness on the money market which, naturally, will also counteract a further rise in domestic interest rates.

Therefore, the new measures of the Bundesbank have not been considered a changeover to an easier monetary policy. The Federal Association of German Banks feels that as a consequence the liquidity supply of the German economy was placed on a somewhat more permanent basis. The Federation of German Industries also considers it a further guarantee of the liquidity supply of banks. The German Association of Savings and Transfer Banks is calling it a contribution to the improvement in the liquidity situation of the credit industry.

They all agree that the time has not yet come to lower the interest rates. The Federation of German Industries is stating with regret that the latitude for action is still lacking for the note-issuing bank to pursue a clearer, economically appropriate change of course.

8991

COUNTRY SECTION

BUNDESBANK'S POEHL ON ECONOMIC, FINANCIAL PROBLEMS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Jan 81 pp 11, 12

[Article by Karl Otto Poehl, president of the German Bundesbank: "There Is no Secret Wonder Weapon"]

[Text] At the New Year's reception hosted by the city of Frankfurt the president of the German Bundesbank delivered an address, which because of its unembellished description of the economic situation struck an unusually large response in the FRG. We here publish the speech in full except for insignificant cuts.

The Editors

Many nations in the Western World are in a state of affairs which is as unfavorable as can be imagined. At the same time these nations are often confronted by enormous balance of payments deficits, which, measured by the gross social product, in part are more than twice as large as the balance of payments deficit of the FRG. A growing number of countries, above all in the Third World, are approaching the limit of their creditworthiness, because they are forced to spend a constantly increasing share of their export proceeds to service their debts and it is becoming increasingly difficult for them to pay for their imports.

There is scarcely a government that is not fighting against a growing budget deficit like a Laocoon against the serpents without any success being in sight. Not only in exotic developing nations but in some European nations as well the national deficit by now amounts to 10 percent and more of the social product. (In the FRG it is about 3.5 percent, but that is only small consolation, of course.) And finally, wherever we look we have a combination of inflation and unemployment, such as has perhaps never existed in this form.

In this respect as well the FRG does better than most of the industrial nations, for not only do we have the lowest inflation rate but also the least unemployment among the large industrial nations. But which one of us would be satisfied with 5.5 percent inflation and more than 1 million unemployed? Particularly since the number of unemployed will probably continue to grow in the next few months, because no one expects an economic boom in the near future. On the contrary, it is more probable that the stagnation which we have had since early summer will last for some time, and unfortunately a shrinking of the social product as well cannot be completely excluded.

In this difficult situation "whistling in the wind" helps no more than resignation and fatalistic thinking. Rather, we must analyze the situation without embellishment and then draw the correct conclusions from the analysis.

It is of decisive importance that the foreign economic situation of the FRG has changed fundamentally in the last 1.5 years, and this is not only due to our higher oil bill. On the contrary; for years other imports as well increased more than our exports, that is to say our trade balance has deteriorated considerably not only because of oil price increases. The deficit in our balance of service transactions from 1978 to 1980 simultaneously grew from more than DM 8 billion by no less than 7 billion to DM 15 billion, which can be attributed above all to the Germans' unrestrained urge to travel, for which we hold a lonely world record.

The deficit in our balance of payments is a fact which can neither be explained away through intelligent reasoning-for example that opposite the OPEC surpluses there must be corresponding deficits, which is undoubtedly correct-nor by down-playing it, as was long the practice. It is a fact which has worldwide implications for, among other things, the international position of the DM, for the exchange rate, for prices and interest rates. The year 1980 has already provided us with an object lesson in this, but I fear the lesson is not yet over.

We are not in an economic slump which could relatively easily be overcome with the classical instruments of overall control, as for example in 1966 or even in 1975, but like all other industrial nations we are undergoing a process of restructuring and adjustment to new externally imposed conditions. This has consequences for economic and financial policy, for wage policy and also for monetary policy which should actually be clearly recognizable but which have not yet been understood everywhere.

As far as the economic and financial policy is concerned, one should not indulge in the illusion that lasting successes for increased employment could be achieved through additional expenditures. Possibly the opposite might even be the case. As it is, the deficits of the regional authorities will be greater this year than ever before, in part unavoidably because of economic conditions. Taking even greater deficits into the bargain could certainly have the result that interest rates will not, as we all hope, go down but go up, and that on balance growth and employment will not be promoted but rather slowed down. Furthermore, every increase in public expenditures has a tendency to cause an enlargement of the balance of payments deficit. Better than a yet more expansive financial policy—the present financial policy is certainly far from restrictive—would be to eliminate those obstacles which block the many billions in investments which are planned and ready. I find it particularly distressing that often the same people who demand greater state expenditures at the same time prevent urgently necessary investments. Brokdorf is only one key word for this.

We should no longer indulge in illusions concerning energy policy. Time is working against us. In many other countries the energy-policy starting point is more favorable than in the FRG, not only in England, which has an independent oil supply, and in the United States and Canada, but also for example in France, which long since initiated an extensive program to utilize nuclear energy. If we fail to follow up in this field, it will have grave consequences for growth and employment in the FRG.

The new situation must also be taken into account in wage policy or, in a larger sense, in income policy. I respect autonomy in negotiating wage rates and therefore will not mix into the current collective bargaining. But all those involved must know that when deciding on wage increases the bargaining parties also determine the profit situation of the companies, decide about investments and therefore about the amount of employment as well. No one should be under the illusion that the Bundesbank would cover up wrong decisions on the wage front with the blanket of a more lax monetary policy.

Lower interest rates, such as are more and more urgently demanded of us, would naturally be helpful for investment financing and the economy. But how can people imagine a lowering of the interest rates considering the tremendous need for public financing and considering a balance of payments deficit which in the long run certainly cannot be financed by the currency reserves, meaning it must be financed by capital imports? To be sure, historically seen our interest rates are relatively high, perhaps too high, measured by the economic situation, but in international comparison they are low, meaning lower than in nearly all the other industrial nations. In particular in the last few months this has led to a considerable drain of money and capital and to pressure on the DM exchange rate.

Every reduction in the interest rates would amplify this tendency. There is no secret wonder weapon against this simple connection. Exchange control or capital export controls are no way out of this dilemma for a country like the FRG; on the contrary, controls would aggravate the problem because they would undermine trust in the DM abroad. Therefore we can only hope that lower interest rates in the international financial market, in particular in the United States, will again broaden the scope of German monetary policy as well.

Lower interest rates are, as I mentioned, certainly desirable, but even more important is to preserve the stability of the value of money, as well as our economy's ability to compete and produce.

COUNTRY SECTION

LABOR NEGOTIATIONS IN METAL INDUSTRY PRESENT PROBLEMS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 19 Jan 81 p 11

[Article by Kir: "Metal Industry's Labor Negotiations Harder Than Feared"]

[Text] Frankfurt, 18 January--The labor negotiations in the metal industry will be more difficult in 1981 than people feared. No one expects a quick agreement before March any more. Nor can a labor conflict be ruled out--although both sides sincerely say that they do not want this. Obviously no one region wants to be the one to move out and set an example.

What makes an agreement so difficult this time is not the fact that the union demands of about 8 percent are so far away from the initial management offer of 2.5 percent. This has almost always been the case at the beginning. The particular difficulty this time lies in the narrow room for negotiation. This limits the ability of the employer to bargain, while the union has limited its negotiating room by its declared goal of at least the "assurance of real income."

The IG Metall union obviously does not dare to go before its members with an agreement that does not at least include the rise in the cost of living (at present, 5.5 percent) as well as a "social component" for the lowest income groups. For their part, the employers are seeking no less than "a change in wage policy." For according to their calculations, high wage agreements will cause new price hikes and further reduction in employment. According to them, the agreements should rather be based on the expected rise in productivity, on the increase in production per hour.

The employers say this will only allow a raise of at the most 3 percent—and for the union this amounts to a "declaration of war." IG Metall will in no way agree to the metal industry's theory that lower costs are the basis for lower prices. Its chairman, Eugen Loderer, sees in this thesis nothing more than "a new variation of the old idea of a redistribution in favor of profits." He says IG Metall will definitely reject this. For, he says, the metal industry can in no way guarantee the promised halving of the inflation rate by a wage policy based on productivity.

In the face of this initial position, speculations are increasing about where possibilities of compromise might be found. There is a great deal of speculation about the time the new negotiations will take. Some see chances of quick agreement, while others think it will take longer. Still others are proposing wage agreements with sliding possibilities. Norbert Bluem, for example, the chairman

of the CDU Social Committee, spoke over the weekend in favor of lower wage hikes with the proviso that new negotiations would start with an improvement in the economy.

Actually, there seems to be little chance of agreement before the present contract runs out. Most likely, as has so often happened in the past, the present agreement will be extended for 1 or 2 months. Some observers seem to see possibilities of compromise in the demands for "social components," perhaps in a gradual plan (something the union has already hinted at) over several years for the elimination of the lowest wage scale. Then IG Metall could accept a wage increase below the cost of living and still "buy" the agreement as a "social-political" achievement.

For the present, initial negotiations indicate that both sides seem to be playing for time. The employers wanted to begin the second round of negotiations this week, but they were only able to arrange the first meeting for 29 January in Hesse, and this is not at all likely to be a pilot meeting. This makes observers think that the employers want to go into arbitration as soon as possible, because the period of peaceful negotiations will be over at the end of February. Conversely, it is argued that the union will want to put off arbitration beyond the period of peaceful negotiations so that it can supplement the arbitration with active measures.

9124

BERLIN MAYOR VOGEL ON CITY'S, SPD'S PROBLEMS

Hamburg DER SPIEGEL in German 2 Feb 81 pp 22-25

[Interview with Berlin Governing Mayor Hans-Jochen Vogel by Axel Jaschke and Paul Lersch of DER SPIEGEL about the SPD in Berlin and Bonn: "'A Helmut Schmidt Doesn't Call It Quits'"]

[Text] SPIEGEL: You have burned all your bridges, Mr Governing Mayor. You are no longer minister of justice or a Bundestag deputy. Do you really want to stay in Berlin until the end of the legislative period in 1985, no matter what the result of the election will be?

Vogel: I have opted for the city and for the mission here. That means that this also goes for the coming legislative period.

SPIEGEL: Despite the fact that there will be elections for Bonn in the meantime? They might be of importance for you as well.

Vogel: Those are speculations that have been made without any contribution of mine and which I followed first with amusement and then with growing displeasure. They are no reason for me to change my statement.

SPIEGEL: You are regarded as the chancellor's man, as a candidate to succeed him, and yet want to stay in Berlin?

Vogel: The question is not a topical one. Helmut Schmidt is chancellor. Whoever speculates that Helmut Schmidt will call it quits because the situation looks difficult does not know him and is mistaken. Helmut Schmidt doesn't call it quits.

SPIEGEL: Before you came here, the word was that there could be no new elections until the parliamentary investigating committee had probed the Garski affair. Then your coalition partner, the FDP, proclaimed 17 June as election day. Now elections will take place on 10 May. Why this change of heart?

Vogel: First it seemed to me that the opposition was assigning high priority to the Garski affair. And it did demand the appointment of an investigating committee. Had I asked for new elections without regard to that, one would have been justified to maintain, "He doesn't want the Garski affair to be cleared up but wants to obliterate it with elections." No sooner had I arrived here than I learned, with some amazement, that the CDU itself has treated the question of elections quite separately from that committee.

SPIEGEL: Now there won't be a final committee report, because there will be elections before that.

Vogel: The charge that the probe is being prevented by rushing into elections was finished and eliminated by the CDU itself. It is no change of heart as far as we are concerned but a question of taking the appropriate stand with due regard for the positions of the opposition.

SPIEGEL: In fact you could not have failed to give in to the desire for new elections anyway, could you?

Vogel: The obstacle in the way of scheduling elections a soon as possible was removed. I can well understand substantial parts of the pulation seeing this the sam way.

SPIEGEL: And you are leading the move because you could not have stopped it anyway.

Vogel: If the opposition and the other forces of parliament acted on this realization, it is no reason why I should leave again.

SPIEGEL: You have to cope with two tasks here in Berlin that actually cannot be fulfilled. The delapidated, split SPD is to gain respect again. And in a city closed off and under emergency law, explosive social problems and problems of municipal policy are awaiting a solution.

Vogel: Listening to your statements and evaluations, one might misunderstand my reply to mean that I agree with your premises. If I keep silent, it doesn't mean that agree with your introduction.

SPIEGEL: But you aren't contradicting it.

Vogel: First of all, a number of Social Democrats have been taken to task in Berlin without justification and vicariously--something which, as politicians, they must not and do not complain about, however. As to your question, there are in fact two tasks. The one certainly is the result of historical developments, of the special situation of Berlin. The other concerns municipal problems in areas of high population density. Oftentimes, as I have said before as acting president of the German Cities Conference, it is a question of extremes, exaggerations, of the economic system. There a start must be made.

SPIEGEL: How?

Vogel: One cannot gain interest in this city only by emphasizing the cultural variety and other positive factors. One must also openly expound its problems, which in fact are converging here as in a convex lens—for example, by saying the following: Look, we are a bit deeper in a trend that is causing difficulties for all big cities; we are confronting this, we are looking for solutions that may help.

SPIEGEL: Before the Berlin comrades, you pleaded for "unity in speech, attitude and action," deploring the fact that some "lost sight of the common good." They have now all applauded this moral appeal. But how do you actually intend to improve conditions?

Vogel: Please don't generalize. The party here has 40,000 members. What had to be said certainly did not apply to all those 40,000. The circle of those addressed is certainly much smaller. How things are to be changed? I cannot give you a cure-all. I can only say that I think that the example one sets is important.

SPIEGEL: You have just had a bed put up _ your office.

Vogel: No, that is not the example. I do not want all senators and officials to start sleeping in their offices.

SPIEGEL: That would not necessarily be anything new either.

Vogel: Well, it needn't be during the day. When I speak of example, I rather think of the way Senat candidates Konrad Porzner, Reinhard Ueberhorst and Anke Brunn came here. Not that I want to surround that with a halo, but it is an attempt to make clear the unity of speech and action in quitting the government precisely before the election—and it was damned uncertain—and not saying only, "All right; if at all, then."

And part of it too--since you have asked--is asking one's wife to look for a one-bedroom apartment here; not one that deprives someone else of a place but one that is available at a high price on the free market.

SPIEGEL: How much are you paying?

Vogel: Several times the amount I am used to paying. But of course that does not mean that I am forced to run around in rags.

SPIEGEL: Are the newly selected senators supposed to tend to election districts here? Will there then not be trouble in the party hierarchy again?

Vogel: When someone has held a seat in parliament and has resigned it in order to be able to fulfill his task in Berlin, and when he says moreover that he is a candidate in the election and also wants to stay here, then it is part of this for him to become rooted in the party and to be nominated if there is enough confidence in him. I think that there exists understanding for this in the party. Furthermore, it has been my experience that in any election between 20 and 40 percent of the candidates do not run again.

SPIEGEL: And the extent to which one is ready to do so depends on how much of a claim one has to a deputy's pension.

Vogel: I do not deny at all that there are such cases, and I find them distasteful.

SPIEGEL: Do you yourself want to become Land chairman of the party?

Vogel: No. While I see nothing axiomatic one way or the other (I took both alternative routes in Munich), it would overtax my time and strength in the given circumstances.

SPIEGEL: Your predecessors Kalus Schuetz and Dietrich Stobbe were able to settle controversies between the party camps with the help of men at either end--Klaus Riebschlaeger on the right and Harry Ristock on the left. Now Riebschlaeger does not count any longer politically, while Ristock has hopes for the chairmanship of the party. How do you plan to meld the SPD into a unified whole again.

Vogel: Here too silence does not mean assent to your evaluations. Furthermore, a single individual cannot manage that; I have brought some painful experience with me from Munich in that regard. An individual can only set points of emphasis. A little patience and persistence gradually provides a way. Here in Berlin, it seems to me, the commotion caused by the latest events really is so strong that, in my opinion, everyone will now share in helping to break up certain incrustations, which are not always identical with differences as regards substance. Once the election campaign gets going and many who have becom discouraged see that things proceed after all and make sense, I can see the possibility of these right-left pattersn you have mentioned ceasing to be valid.

SPIEGEL: You have to demonstrate to the citizens the fact that a coalition Senat capable of action is in charge again. At the same time, however, the coalition partners have to develop an image in the election campaign.

Vogel: This is a problem any coalition government faces. Senator for Economics Brunner, as a Free Democrat, wants city-owned enterprises to be placed wholly or partially in private hands. The Social Democrats opposed this at once. I too, on the basis of my experience, favor city-owned enterprises. For the Senat, that would be a problem only if the question was up for a decision.

SPIEGEL: Your entire Senat now includes only two Berliners. Are the voters not bound to feel as if they had been placed under West German occupation?

Vogel: After closer inspection of those vying for their trust, the citizens will have to weigh matters, and in so doing they may discover some things that are quite a bit to their liking. Furthermore, I have heard that, though it recruits Norbert Bluem and other politicians from Bonn, the CDU regards itself as the "party of Berliners." I approve of the setup; only, it is then not a "party of Berliners." Besides it surely is a question of taking the side of Berlin.

SPIEGEL: You want to regain the lost trust, to remove bureaucratic entanglement. Will your senators not be allowed to assume seats on supervisory boards any more?

Vogel: Seats on supervisory boards hardly yield any material advantages to those holding them. But when I hear (I don't want to offend anyone; there are people who do a lot of work) that someone, in addition to his main job, holds down 15 or 18 seats on supervisory boards, then I really would like to find out how he can have the time actually to engage in this supervision.

There are also quite different entanglements that pose problems. An enterprise partly owned by the city, for example, requests a loan from a bank which may be wholly city owned. The bank makes granting the loan contingent on security which is authorized by the city. One needs to have the kind of situation here in which checks and balances work nevertheless.

SPIEGEL: Social and municipal-policy worries have accumulated in Berlin. Every 10th inhabitant is a foreigner, every 5th a pensioner. There is a record number of drug addicts...

Vogel: ... Those are not specifically Berlin problems.

Of course we have to concern ourselves above all with the young people, for the key problems are inherent in the young generation, in the potential readiness of part of the young to use force as a means of protest. But we in Berlin are not by any means alone with this oppressive burden, which we must overcome. Take a look at Zurich, for example.

SPIEGEL: What has not been overcome does seem pretty unique.

Vogel: For a start, one must take note of it. Then one must not simply shrug one's shoulders but must start acting, patiently and ever ready also to absorb setbacks—for instance, in supplying housing.

SPIEGEL: What has been the failing of the Berlin housing policy?

Vogel: At the present moment, I am not in a position to render a complete judgment on that. I can only mention a few factors. The fact that the proportion of old apartments is higher here than elsewhere—as is the large number of apartments standing empty—apparently is partly due to administrative factors. But it is also due to our law governing the land and has to do with the shift of population. And the point is that, when it comes to rehabilitation, it is not only a question of what is constructed but of the social pattern of the people living behind the facade.

SPIEGEL: A large part of the Berlin population is not permitted to participate in the election at all. Are foreigners to get the right to vote in the city?

Vogel: If one wants to make a start with allowing foreigners to vote, one should not do so at a place where the proportion of foreigners is particularly high. One should also rather think of European Community solution.

SPIEGEL: Whoever has been governing major of Berlin has also invariably considered himself a man engaged in Germany policy. Do you have any desires as far as the inter-German future is concerned?

Vogel: More than in municipal policy, I have to familiarize myself first with the problems before I can join in the discussion.

SPIEGEL: At one time Berlin was part of international policy. Is it only part of the provinces today?

Vogel: Part of international policy also means that the state of world affairs always has an effect on Berlin. While we now have a treaty edifice which facilitates the people's lives, things are put to the test here—free access, free transit. Here the letter becomes everyday life. While this makes fewer headlines, it shows that two completely different systems can find ways to make life more tolerable and make a contribution (I say so with great caution) to maintaining peace.

SPIEGEL: Is this why a man of the first team had to come to Berlin? Did this not artificially dramatize the polit was situation of Berlin?

Vogel: That I cannot judge. Considering what I have been hearing these past few weeks, the Berlin situation was seady giving cause for concern.

SPIEGEL: First, of course, some thought was giventto sending Willy Brandt to Berlin. Did the SPD leadership in fact suffer from bad nerves?

Vogel: I don't think so. The consultations in which I participated were not hectic. I think what was necessary was done.

SPIEGEL: But why is it that the ability to govern in Berlin had to become the criterion for the SPD's ability to govern in Bonn? Could the two things not have been kept apart?

Vogel: I did not see these two things being bracketed that way. I see things a little differently. The point is that Berlin is not just any city. Surely it is not correct to say that Berlin is like Munich, only a little bigger, or like Hamburg. Berlin is much too important for that as far as the policy of detente and of peace is concerned. Besides, it is not just any town as far as the Social Democrats go. SPD history originated here, for from here Ferdinand Lassalle created his General German Workers Association. So a party cannot simply quit without a fight, with the slogan, "We will now have to regenerate."

SPIEGEL: It seems to us that a different feeling predominates in Berlin, a feeling that it is a time for a change.

Vogel: The desire for a change is always a legitimate one in a democracy. But surely this is not a reason why we should simply quit. The demand on us is now particularly high, and we want to see whether we can fulfill it. It will work only if a jolt goes through the party now and it takes off. Then something will have been achieved by the citizens with their anger, which I do not want to deny at all.

SPIEGEL: Mr Vogel, why in fact do you think there exists this climate of displeasure among the Social Democrats? Surely you felt it even before you left Bonn.

Vogel: I have experienced a bit of it here myself. I think a very important reason is that we Social Democrats went into the Bundestag elections with fairly great expectations. The result of the party-not that of Helmut Schmidt—lagged behind them. This does not exactly delight a party. It has to get over it.

Secondly, this party has yet to develop methods on how to get along with one another—for instance, when the party comes up with more far reaching ideas and the government cannot implement them, or when the government has to do something the party would rather not have done. Then the party should not every time charge the government with treason, and conversely the government should not immediately regard as an affront whatever surges ahead in the party debate.

SPIEGEL: In other words, the party may debate but not criticize?

Vogel: No, that is not the point. If someone has a concern, he should voice it. He can also try to obtain majority support for his view.

SPIEGEL: Does the chancellor perhaps expect too much of the party? Surely there is something to the concern of your party friends that the Social Democrats put across too little in the coalition talks.

Vogel: I have worked with Helmut Schmidt for 8 years-1 1/2 years as fellow minister and then 6 years as a minister in his government. Often enough I found that even where there was room for doubt at first, his judgment turned out to be right. For that reason Helmut Schmidt is entitled to trust, and also entitled to solidarity. A chancellor too is entitled to that—not only those who hold different views.

Take the debate about arms exports to Chile or Saudi Arabia. A party does not always find it easy to separate understandable instinctive reactions from rational deliberations which also matter. I was still able to observe in Bonn how the chancellor initiated an analysis about the Chile submarines, and as long as I was there, the final word was not spoken in that matter.

SPIEGEL: Thank you for this interview, Mr Vogel.

8790

COUNTRY SECTION FRANCE

DETERIORATION OF RELATIONS WITH VANUATU VIEWED

LD131511 Paris LE MONDE in French 7 Feb 81 p 6

[Report by Patrice de Beer: "Paris and Port-Vila Take Tougher Lines"]

[Text] Two days after expulsion from Port-Vila of the French ambassador to Vanuatu Paris adopted a tougher line on cooperation between the two countries. On Thursday, 5 February, the Quai d'Orsay stated that "the whole of Franco-Vanuatu cooperation has been jeopardized by the attitude adopted by Port-Vila. An initial group of aid workers has been withdrawn and others will follow." Indeed an initial group of some 20 aid workers has already been instructed to leave the archipelago and others who were preparing to return by plane to their posts have been asked to stay in France.

The foreign minister's statement goes much further than the remarks made on Tuesday by Mr Rodrigues, the expelled ambassador, during a press conference in Noumea in which he asserted that the 180 French teachers due to start the new term on 9 February would be at their posts.

The New School Term

Parailel to this tougher French line, Port-Vila also grew angrier on Thursday. According to our correspondent in Noumea, Vanuatu Radio broadcast a statement by Vanuatu Education Minister Donald Kalpokas announcing that French schools in Vanuatu would not open their doors as planned on 9 February and that the government was going to review its education policy. English-speaking schools, however, will start the new term as planned.

Mr Kalpokas, one of the most moderate members of the cabinet, had hitherto advocated a bilingual system and cooperation with France. He justified his decision—which affects the Port-Vila Lycee and its Luganville section among others—by the statements made in Paris on Tuesday by Secretary of State for Foreign Affairs Stirn on recalling French aid workers and Paris' decision to "draw conclusions" from Port-Vila's gesture.

For its part the French Embassy in Port-Vila has just published a communique indicating that the new school term will start on 9 February as planned but only for French nationals.

Relations between France and Vanuatu have never been so bad and there is a danger of heading for a break between the two countries if the governments concerned do not quickly curb this process of deterioration encouraged by some circles on both sides.

In this confrontation each side seems to think the other has most to lose from stopping cooperation and might give in or make the first step. Vanuatu has no more money and has established contacts with Australia in order to try to partly fill the gap which the suspension of French aid would cause. But in the mediumterm the main losers are bound to be France, its 4,000 nationals in Vanuatu, the French-speaking section of the Vanuatu population—more than half the school children—not to mention, the consequences for New Caledonia if a government in exile was set up in cort—Vila. Finally the English—speaking Vanuatu Government could easily do without the use of the French language to which France remains attached.

COUNTRY SECTION FRANCE

SOCIALIST PARTY OUTLINES 1981 ELECTION ENERGY PLATFORM

Details of Program

Paris LE MONDE in French 20 Jan 81 p 46

[Passages enclosed in slantlines printed in italics]

[Text] Mr Paul Quiles, national secretary of the Socialist Party [PS], presented his party's energy policy on 19 January. As both the hopeful speeches of Mr Giscard d'Estaing and the many statements by Barre and Giraud go to show that the majority wants to make its success in the nuclear field a campaign theme, it was time for the PS to come out clearly with its own position. This it tries to do in a book--"Energy: The Other Politics"--which presents a program that should "satisfy the nation's needs to pull out of the crisis of capitalism and encourage social growth, and (...) to strive for French independence through the development and application of a policy of energy conservation and an effort to diversify as much as possible our sources of supply."

The energy options—and those of the PS as much as those of other groups—are in fact in the service of an economic policy. Now the PS believes that /"the next 10 years should see both a strengthening and a modification of growth"/ and it adds that its /"energy policy will rely on the systematic choice of processes and actions that most economize energy."/ Breaking with present trends, the PS economic policy for the decade of the 80's looks toward a goal of growth on the order of 5 percent per year on average. One should keep this figure in mind when analyzing the forecasts for energy consumption and resources needed in the PS program.

Nuclear Energy-Opposed to the accelerated growth of the penetration of electric heating in private dwellings and offices, and judging it possible to greatly reduce the consumption of electric appliances, the PS counts on a growth of electric consumption between now and 1990 of 100 terawatt-hours (compared to 200 in the government program). Consequence: /"As soon as we are in power,"/ the PS writes, /"we will propose to the country a monumental debate on France's energy future, and particularly on the nuclear option. Pending a resolution of this debate, power plants under construction will be completed, but there will be no more opening of new nuclear sites. (...) We do not propose industrial development of breeder reactors."/ Water and coal, to an extent well below that of oil and natural gas, [will] contribute to electricity production.

Oil--It shows no more than 71 million tons--compared to 100 in 1980. The PS envisions majority participation [by the state] in CFP, (in which it presently holds 33 percent of the capital). It calls for wide diversification, notably by means of codevelopment plans with certain producer countries, intensification of research and exploration here at home.

Coal--Consumption of coal should reach 65 million tons (43 million petroleum equivalent tons [TEP] in 1990). /"Our objective,"/ the PS says, /"if the present catastrophic policy can be stopped in time, is to get back by 1990 to the level of 1973 production, or 30 million tons."/ The PS calls for a new analysis of exploitable reserves and upgrading of the status of the miner.

Natural Gas--This would amount to 37 million TEP in 1990 and would penetrate the heating sector--substituting for heating oil--and the industrial sector.

Renewable Energy Sources--These are called on to become /"the energies of the future"/ and thus should enjoy priority in financial support starting now. Solar energy offers /"considerable potential in low-temperature heating."/ The PS thus establishes the objective of 13 million TEP in renewable energy production by 1990, primarily from developments in rural area heating, with utilization of heating networks and methanol.

Financing the Program—The energy policy the socialists offer will be translated into a sharp withdrawal of investments from the nuclear field starting in 1982, a sizable increase in appropriations for research and development of new energy sources (Fr 65 billion) and by the "rapid" development of investments in household energy conservation.

The socialists thus anticipate the creation of a national energy conservation fund to handle the issuance of bonds that will serve to finance loans for households and enterprises, an increase in state assistance to new energy, and assessments on the oil companies.

'LE MONDE' Editorial Comment

Paris LE MONDE in French 20 Jan 81 p 46

[Editorial by B.D.; passages enclosed in slantlines printed in italics]

[Text] Though it may well be the most coherent of the programs presented thus far by the PS, "Energy: The Other Politics" still leaves questions, even doubts.

First of all, there is the possibility of reconciling, in the short term, higher growth with less energy consumption. The "elasticity"—the relationship between economic growth and energy demand—that would result from the application of this program is 0.46. "Historically," the ratio was greater than 1.0. It fell to 0.8, and the industrialized countries set themselves the ambitious goal of reducing it to 0.7. One may well question, therefore, the realism of the PS, at least over such a short period (9 years, while most investments bear fruit in about 8 years).

Especially since this program will entail initially a clear upsurge in energy consumption in order to support high growth, while the investments in energy conservation will barely be under way. The PS is silent about this interim period.

Second concern: the socialists call for an expensive energy policy. The cost at the best market price should not constitute the "reference price." Thus, /"the relative cost of electricity will not go down."/ Moreover, /"a true equalization of rates should be applied to all domestic users and to almost all industrial consumers./" The PS thus seems intent on abandoning the "marginal cost" rate structure which is being applied now in many countries—including those in the East—as the most certain way to promote the best utilization of each energy source. That expensive energy will impair the competitiveness of high-consumption industries in an economy which is inevitably open.

One could finally be disturbed at the extent of constraints that will be necessary to impose energy conservation measures and [exploit] some of the new energies in areas where investment can only be amortized over 7 to 12 years. The loans called for will not be enough. Similarly, the socialists specifically call for a new effort in public transport, to the detriment of the private automobile. But habits cannot be changed without incentives or regimentation. And what will be the effects on the automobile industry?

These few observations should not lead us to forget that the PS does offer a real long-term alternative to heavy reliance on nuclear energy. Greater democracy, more meaningful decentralization, massive investments in energy conservation, solar energy and biomass, and more emphasis on coal, do in fact represent a different approach.

9516

COUNTRY SECTION NORWAY

MP'S DISCUSS REASONS FOR VOTE ON STOCKPILING

Oslo ARBEIDERBLADET in Norwegian 14 Jan 81 p 6

[Reportage by Pal Nordenborg and Terje Pedersen]

[Text] The agreement between Norway and the United States on stockpiling of heavier American material in Trøndelag that was approved by the Storting yesterday will be signed at the American Defense Department on Friday 16 January. It will be one of the very last agreements the outgoing Carter administration will sign.

As expected, the government got a big majority in the Storting for the agreement. Nine representatives of the Labor Party supported the SV [Socialist Left Party] proposal not to stockpile the equipment, and the Liberal Party voted against both the government proposal and the SV's. The Liberals' two votes were cast for a proposal to strengthen the Norwegian armed forces as an alternative to the stockpiling.

Trygve Bratteli said right at the end of the debate that stockpiling equipment for forces that are to come in as reinforcements had been a partially solved problem ever since the first defense commission dealt with it in 1946. Since then the question has been worked on continuously by responsible people, Bratteli said.

What was not discussed yesterday by the Storting was how the financing is to be handled. With regard to the stockpiles in Trøndelag, the equipment will be paid for by the Americans and the buildings by NATO, while Norway will incur expenses in connection with constructing roads and supplying electricity. The minister of defense said, however, that it was unclear who was to pay the rent.

The last time the stockpiling was brought up in the Storting, Thorbjørn Berntsen (A [Later Party]) took up the costs of stockpiling planned in Norway north of Trøndelag for a Norwegian mixed regiment. Such stockpiling has been estimated to cost 1.2 hillion kroner, but has not been included in the long-range plans for the armed forces. In its position paper the Defense Committee in the Storting took account of the fact that the government would come back to the question in connection with the annual defense budgets, and Thorvald Stoltenberg, minister of defense, confirmed that yesterday.

Thorbjørn Berntson said yesterday that the stockpiling has to be viewed in connection with the grotesque situation, that billions are being used for means of mass extermination to ensure peace while people are starving.

And Ingrid Eide A said she would note against the stockpiling because it represented a crazy step at a crazy time. Thor-Eirik Gulbrandsen went against it in part because he thinks that the agreement contributes to an increase in tension in the northern regions.

The minister of defense rejected such an assertion. He said the stockpiling was a step in the opposite direction—a step in the direction of making NATO less dependent on atomic weapons.

Stoltenberg said that the Liberal Party's proposal would lead to such large total expenditures that it would be unrealistic.

Stein Ørnhøi (SV) assumed that the stockpiling in Trøndelag was taking place in view of the Ørlandet airport, which the United States wants to use for long-range American atomic bombers that are to attack the Soviet bases on the Kola peninsula.

"That will make Ørlandet a first-class target for Soviet atomic weapons," Ørnhøi said. He viewed the agreement as a part of an extensive arms build-up on NATO's northern flank.

There was a lively exchange of remarks after Ørnhøi's speech. Geirmund Ihle (A) asked whether Ørnhøi wanted NATO to come to the aid of Norway if we were attacked. In that case, does he want help after 3 weeks or 48 hours, Ihle asked.

Ørnhøi answered by recommending that Norway liquidate its close relation to NATO. That would eliminate the risk of attack.

"Afghanistan was not a member of any defensive alliance, and that did not protect it," Kare Willoch (H [Conservative Party]) reminded him. Ørnhøi pointed out that Afghanistan had a régime friendly to the Soviet Union, but would not concede that countries that were neighbors of the Soviet Union were most exposed. There have also been attacks on Latin-American countries by the United States, Ørnhøi asserted.

Thle also replied in his main speech to Ørnhøi's appraisals and insisted that as long as Norway was allowed to remain at peace the equipment would stay in the warehouses. He asked Ørnhøi to make a note of that.

Thle also emphasized that the agreement is defensive in character. It would take an uncommonly fertile and well-developed fantasy or a quite uncommon talent for creating distrust and misconceptions to assert that this equipment represents any threat to other nations, Thle said.

Odd Einar Dørum (V [Liberal Party]) said that his party viewed the plans for arms stockpiling as unclear and incomplete. He was uncertain whether the agreement represented a break with our policy on bases and atomic weapons, and he noted that the agreement will tie down Norwegian forces. The Liberal Party would rather give priority to a strengthening of mobilization defense, Dørum said, and proposed that as an alternative to the stockpiling.

Nevertheless, the Liberal Party would not vote for the SV proposal to reject the agreement, Dørum said.

COUNTRY SECTION NORWAY

CENTER, CHRISTIAN PARTIES JOCKEY FOR POSSIBLE CABINET POSTS

Oslo ARBEIDERBLADET in Norwegian 6 Jan 81 p 6

[Report of interviews with Kare Kristiansen and Johan J. Jakobsen by Gunnar A. Johansen]

[Text] In the Christian People's Party and the Center Party there has been growing irritation since the Conservative Party, intoxicated by its showings in the polls, has shown an enormous appetite for ministers' posts in case of a bourgeois government after the election. The Conservative Party and Kare Willoch have almost taken it for granted that the party would furnish the prime minister in any bourgeois government.

"There must be no doubt that all positions in a future bourgeois government are subject to negotiations," say Kare Kristiansen, chairman of the Christian People's Party, and Johan J. Jakobsen, chairman of the Center Party. It seems obvious to them that the Conservatives need to take it easy and remember not to count their chickens before they hatch.

After the latest opinion polls indicated that the Conservative Party was the biggest party in Norway, Kåre Willoch almost presented himself as the obvious candidate for prime minister for the three bourgeois parties. It is true that he dutifully said that it is a question that the Conservative Party's Storting group must decide. But there was never any doubt about who would get the prime minister's place.

Irritation

In the Christian People's Party and the Center Party the Conservatives' position evoked irritation. Fear of Conservative dominance is widespread, and there are powerful forces that would consider letting the Conservative Party govern alone. The party chairmen of the Christian People's Party and the Center Party, Kare Christiansen and Johan J. Jakobsen, are reasonably cautious in talking about a possible government coalition with the Conservative Party. We asked them whether they consider discussion of the candidate for prime minister ruled out. The answers leave no doubt of the fact that the two parties by no means consider Kare Willoch the obvious prime minister in a future bourgeois coalition government.

Negotiations

"The question he by no means decided. No parties will meet for negotiations whose outcome is known in advance. It can surprise nobody that the Conservative Party has a candidate for prime minister. But you must not count your chickens before they hatch. At the outstart all parties must stand alike in the understanding that nobody is meeting with immovable positions," says Johan J. Jakobsen, who, however, admits that the Conservative Party will be in a stronger bargaining position.

"Does that mean that you consider it natural for the Conservative Party to get the Prime Minister's post?"

"I will not enter into any discussion of what is natural."

"But all posts in the government are subject to discussion?"

"Yes, beyond doubt, says Jakobsen.

Not Clarified

Kare Kristiansen, chairman of the Christian People's Party, feels that neither the poll figures nor the Conservative Party's attitude toward the prime minister question has contributed to any clarification.

"The prime minister's position must be viewed in the light of the whole game that will be played in case of a change of government. That applies not only to the distribution of ministries, but also to the distribution of assignments in the Storting," says Kristiansen.

He thinks the three bourgeois parties must first work out an inaugural declaration before beginning to consider the distribution of the ministries.

"When should that declaration be completed?"

"We should clarify as much as possible in connection with the discussion of the government's long-range program in the spring session. A few points may be difficult to deal with then, but they can wait until later."

"What are you thinking of in that category?"

"To me the question of abortion is most important. But the economic policy may cause problems, too," says Kare Kristiansen, chairman of the Christian People's Party.

8815

COUNTRY SECTION NORWAY

NEXT ELECTIONS COULD LEAD TO FIRST CENTER-LEFT COALITION

Oslo NORGES HANDELS OG SJØFARTSTIDENDE in Norwegian 16 Jan 81 p 25

[Commentary by Helge Seip]

[Text] There is speculation and discussion of the fluctuations around the coming Storting elections. Big deviations in the opinion polls have contributed to that. There is a good deal to indicate that we are about to enter a new period in our political development. For actually Norwegian voters have been surprisingly stable in their voting over the last 50 or 60 years.

Discussion of the fluctuations in political support for the parties has increased of late. Great deviations in the opinion polls have contributed to that. The election coming in September increases the tension, but also the tactical use of opinion polls. If we disregard the concentration on the present moment and the simplification for tactical reasons that characterize much of the commentary, it is interesting to trace some longer-range main lines in the development over the past half century. This also suggests that a new period is ahead in our political development.

In reality Norwegian voters have been surprisingly stable in their voting for the last 50 or 60 years. The fact that we are now approaching the end of the third consecutive term in which the Storting majority and hence the political hue of the government depends on a single vote in the Storting says a good deal. Still more striking is the stability in the voting picture over the long term, if we stick to the main outlines.

Since the Labor Party exceeded 40 percent of the total vote in 1933, there have been only two elections thus far that showed marked shifts between the socialist and the non-socialist parties as groups. One was in 1945 after the liberation. At that time 10 percent of the voters shifted from non-socialist to socialist and communist parties. The other was the election of 1973, after the EC vote. At that time 4 percent of the voters moved in the opposite direction.

There is a good deal to indicate that the election in 1981 will be the third in half a century with a more marked change in the division of voters between socialist and non-socialist parties. The Labor Party itself evidently also feels that very strongly. Although is is nearly a quarter of a century since the party peaked at 48.3 percent of the votes in the Storting election of 1957, up to now it has always chosen the tactics of asserting that it alone is a real majority

alternative. Even though a voter count of about 42 percent normally will not give anything close to a majority in the Storting, and 1969 showed that 46.5 percent can also be insufficient, in the last two Storting elections the party has had incredible success. The extra seats for the governing party under the electoral system and the SV [Socialist-Left] Party's support in its tight, cramped position have been just what was needed.

But this cannot be counted on in the election that is coming up. That is attested with all desirable clarity by Reiulf Steen's statement that he can now give more thought to cooperation with one or more of the parties of the center. For a few years ago such a statement would have been unthinkable from the chairman of the Labor Party, even though the point of view was not unknown from people like Guttorm Hansen and others with a clear social democratic vision and an ability to evaluate realistically. Now the time has come when even the party leaderships must see the line from 1957 to 1981 as something more than an accidental outcome of individual election results.

For the Labor Party and for Norwegian political life it is a late realization. We are actually almost the only West European country with a proportional election system among several parties that has not tried a center-left or a socialist-liberal coalition. That has not been wholly to the advantage of our political life. On the contrary, a political dividing line has been set that is not always natural and that is not reflected in the same way in practical affairs in different connections. Sometimes it has also created oppositions with repercussions on the organizational life that have not served the interests of the country.

Under present conditions there is also not much that indicates that the Labor Party will find any great interest in its invitation to collaborate on the part of the parties of the center. Both the Christian People's Party and the Center Party have declared long since that the objective is a change of government in the fall—and, if possible, a three-party government afterwards. There is little to indicate that other parties will come in with a strength that can prevent such a three-party constellation from taking power. Whether it will technically be a coalition government or a minority government with parliamentary support is not quite so sure. Voter support, tactics, and practical politics may weigh in the scales here. But if we look a little further ahead, on the other hand, it is of more practical interest whether the way is now open for governing alternatives of a center-left character. That may become important in the development later in the 1980's.

Voter Switches and Stability

To get an impression of the voters' party sympathies we shall look below at the distribution of votes among the four or five main groups in Norwegian politics since the Norwegian Labor Party adopted its present platform after the "unification" in 1927. At the same time it is a picture of the growth and decline of social democracy in the period which forms the background of the overwhelming majority of Norwegian voters of today.

To get five essential parts we divide the voters into five categories: the Labor Party, the Conservatives (with the earlier Liberals), five parties of the center (now the Christian People's Party, the Center Party, the Liberal Party, and the DLF (Liberal People's Party), formerly also the Radical People's Party), parties

Percentages of the Vote, 1927 to 1980

Year	A Labor Party	All Socialist Parties	II Conservative Party	Center Party	Others	A + H
1927	36.8	40.8	25.5	34.6	0.1	62.3
1930	31.4	33.1	30.0	36.9	-	61.4
1933	40.1	41.9	21.8	32.5	3.9	61.9
1936	42.5	42.8	22.6	29.4	5.2	65.1
1945	41.0	52.9	17.0	29.7	0.4	58.0
1949	45.7	51.5	18.2	29.4	-	63.9
1953	46.7	51.7	18.7	29.6	-	65.4
1957	48.3	51.7	19.0	29.2	0.2	67.3
1961	46.8	52.1	19.8	26.9	0.2	66.6
1965	43.2	50.6	21.1	28.5		64.3
1969	46.5	51.0	19.6	29.3	0.1	66.1
1973	35.3	47.0	17.4	30.2	5.5	52.7
1977	42.3	46.9	24.8	25.7	2.1	67.1
District Elec-						
tions of 1979	36.0	41.7	29.9	25.4	3.0	65.9
1980 NOI* Pol1	32.6	39.5	32.3	25.1	3.1	64.9

^{*}Norwegian Public Opinion Institute.

to the left of the Labor Party (today SV Socialist Left Party, RV Red Electoral Alliance, and NKP Norwegian Communist Party) and a group of others (of which the Fr.p. expansion unknown is the biggest today).

The table shows that while the socialist parties barely reached 40 percent in voter support before the war, they managed to hold a stable majority of 51 to 53 percent from 1945 to 1973. However, the distribution was such that there was a non-socialist majority in the Storting in both 1965 and 1969. In return we have had two periods with socialist majorities in spite of popular votes of 47 and not quite 47 percent.

For the Labor Party the turning point came after the 1957 election, but the new thing about the district elections of 1979 and the later opinion polls is that the party is now back to where it was in the period around 1927 to 1930, and at the same time the precentage for the socialist parties together is at about the 1930 level.

The parties of the center as a group held surprisingly stable, with a voter support of about 29 percent, from 1936 to 1973. The fluctuations were usually only tenths of one percent from election to election. Since 1977 these parties have held fairly steady with a support of above 25 percent.

Stable for A + H

The table includes a column at the far right that shows another very stable situation. It is perhaps of special interest in regard to the question of the extent to which we are moving toward a two-party system here in Norway. For it appears that with two quite special exceptions when the communist and left socialist

parties got an "unnaturally" high percentage of the votes (1945 and 1973), the sum of the Labor Party's and the Conservative Party's vote count has been about two thirds of the total vote ever since 1927. Those two parties actually had a bigger combined fraction of the vote in the Storting elections of 1957 and 1977 than they got in the district elections of 1979 or have according to the latest opinion polls.

It is true that we have a voting system that gives the third of the voters that vote for other parties than the biggest two a relatively much smaller number of the Storting seats. For the time being that number is less than one fourth, and the disproportion may be still greater by fall. But in Norwegian practical politics there is still such a large mass of votes in the center that it must still be fairly important in the shaping of our future policy and in the make-up of future governments. It will be still more significant if and when sectarianism becomes less dominant in the stands taken on issues within important parts of that center.

In addition the opinion polls of the last few months show that trustworthiness in foreign policy and defense policy and an economic policy that is sufficiently positive toward the firms to safeguard jobs and afford possibilities of creating new ones are demands that the Norwegian voters will make in the coming period.

8815

COUNTRY SECTION NORWAY

GOVERNMENT URGED NOT TO BASE DETENTE POLICY ON 'ILLUSIONS'

LD131347 Oslo AFTENPOSTEN in Norwegian 7 Feb 81 p 2

[Editorial: "Uncertain Foundation"]

[Excerpts] The new government's inaugural declaration is principally noteworthy for the number of questions it leaves unanswered. What is most interesting is in fact what is missing from the declaration—namely what means the Harlem Brundtland government will use to bring the country out of the decline which can be ascribed to many years of misdirected Labor Party policies.

But we note with special interest that the new government has chosen pronouncements on security and detente that are obviously intended for internal use with regard to the Labor Party's left wing. On this point the government's declaration is all too transparent. The result of these verbal manipulations can only be that the growing uncertainty that has characterized the government's security policy recently will continue under the new prime minister.

In our view--which is as strong and honest as the government's--an active policy for peace is necessary. But it must be a policy which does not build on illusions. On the subject of the defense of Norwegian territory, which is an important part of the peace work in our part of the world, the government confines itself to stating that our own security is founded on cooperation in NATO. And adds: "On the basis of this the government will work actively for detente and disarmament."

Not a word from the government on our own contribution to NATO cooperation. Not a word about the government's obligations to keep our national defenses in order.

In a farewell interview with AFTENPOSTEN former Prime Minister Odvar Nordli said that it is an illusion to believe that we can make a contribution to detente by weakening our own defense. These are wise words. But if the new government wants to compete with the Labor Party's left wing, it will be a detente policy on uncertain foundations.

COUNTRY SECTION NORWAY

LABOR, BUSINESS CHIEFS PREDICT HARD WAGE TALKS SEASON

Oslo ARBEIDERBLADET in Norwegian 5 Jan 81 p 3

[Interview with Pal Kraby and Tor Halvorsen by Bent Inge Bye]

[Text] This year's wage settlement will probably be hard, but both Tor Halvorsen, chairman of the LO [Norwegian Federation of Trade Unions], and Pal Kraby, director of NAF [Norwegian Employers' Association], express hope that agreement will be reached by voluntary negotiations. That can be seen from this double interview with ARBEIDERBLADET. Halvorsen and Kraby were invited to answer 14 identically worded questions connected with the coming wage negotiations. The answers reveal that the LO and the Employers' Association have clearly different views on the state's possibilities of cooperating in this year's negotiations. Kraby cannot see that the state can contribute with anything economic. Halvorsen does not share that view, and mentions social, price, and tax measures. There is also a definite disagreement on the need of continued wage equalization.

[Question] Will the wage settlement this year be harder than last?

Kraby: We must be prepared for it to be just as hard, but we may hope that it will not take so long.

Halvorsen: The negotiations will be difficult and demanding, but as long as possible I will hope for faster progress and a more flexible negotiating situation than we had in 1980.

[Question] Do you believe the parties will succeed in reaching agreement through voluntary negotiations?

Kraby: I cannot do otherwise than express hope that we can get there by negotiations.

Halvorsen: It is our obligation as a responsible negotiating organization to try to make progress in negotiations between the parties. Whether that will succeed is hard to say today. A result of negotiations depends on real willingness to negotiate on both sides.

[Question] Do you rule out the possibility of a big conflict in connection with the wage settlement?

Kraby: Such a conflict can never be ruled out in a rate settlement. The NAF, however, will go into the negotiations with the attitude that a realistic and responsible result can be attained by negotiations.

Halvorsen: Conflict can never be ruled out, but we obviously hope to arrive at an offer that can be accepted.

[Question] What is the most important argument to support a demand for wage increases?

Halvorsen: The great rise in prices is still the most important. For the rest, I shall wait to answer that until the LO Board decides later this month what the demands are to be.

[Question] What will be the NAF's most important argument for holding back?

kraby: The NAF will evaluate the demands primarily in relation to the country's ability to compete.

[Question] When do 'ou believe the negotiations will get under way?

Halvorsen: I assume that we can begin in March.

Kraby: About the middle of March.

[Question] At the time of the last settlement criticism arose because the settlement took so long. Will you be able to get through the negotiations in a shorter time this year?

Halvorsen: That criticism was justified. It must be a definite objective to avoid the long delays with no real progress that we experienced in 1980. The LO for its part will do its utmost to avoid a repetition of that. It must be possible for the negotiations to run their course in a much shorter time.

Eraly: The NAF intends to contribute to making the negotiating period considerably shorter.

[Question] What do you think will be the most difficult point in the negotiations?

Halverson: The aconomic distribution is always difficult, but it should not be harder this year than previously.

trable There are presumably several questions that will be difficult, among them the diestion of where the "ceiling" is to be if the wage incr ase in 1980 exceeds I percent.

[Question] Will the government's tax measures in connection with the budget detates to of great significance to the outcome of the negotiations? Kraby: In any case it will have some significance, because tax relief for the wage-earners has the same effect as a wage increase.

Halvorsen: Tax measures may be of decisive significance. Greatest for the high-salaried groups outside of the LO/NAF, which often represent themselves as being independent of the main premises of the LO groups' income settlement. The government must show its responsibility here and stick to its principles in tax revision.

[Question] To what extent do you consider it necessary for the state to come into the negotiations?

Kraby: I will not venture any definite opinion on that.

Halvorsen: I can hardly say anything about that before the LO's demands are made clear, but in principle I feel it is essential for the authorities to be ready to contribute to the necessary result of negotiations. How that can best be done and to what extent must remain an open question until that time.

[Question] In what field is it necessary for the state to contribute during the settlement?

Kraby: According to the budget plans for 1981 the state has nothing, economically, to contribute with.

Halvorsen: As I said, our demands have not been stated, but they may turn on price, tax, and social measures.

[Question] Is there a need for continued wage equalization?

Halvorsen: We still have unsolved problems when it comes to getting an equitable income distribution in this country. But we are well under way with the settlements that have now been reached.

Kraby: In general I think wage equalization has gone rather too far than not far enough.

[Question] Do you believe the question of a fifth week of vacation will be a central subject of negotiation?

Hillvorsen: Every time we have gotten an extension of vacations or any other reduction in working time it has always been a part of the considerations in connection with the wage settlement. It will be the same this year.

Kraby: The NAF's standpoint is that fringe benefits, e.g. further enlargement of the vacation, must come only when industry's economic situation permits it. In IMSI, as is well known, the country's total disposable income will decrease in comparison to 1950. According to the government's own forecasts it will go down by 0 a percent.

" There has been talk in the state sector that that group should be the wage leaders in the coming negotiations. Comments

Fields that create the economic foundation for all activity in this mater.

namely the production concerns that are exposed to competition. It follows from this that the state should not be the wage leader.

Halvorsen: It is a widely held view in the Norwegian trade union movement that we with our very externally oriented economy must take account of the bearing capacity of the goods-producing sector. Industry is of central significance to the entire national economy. The LO will continue the negotiating strategy we have followed in the past, with a common profile and direction for our members in the private as in the state and municipal sectors.

[Question] How are you fortifying yourself personally to wage the long, hard fight?

kraby: By trying to see to it that everything is properly prepared for and then to relax both physically and mentally.

Halversen: Trying to keep myself in good shape. And to rest and sleep when I have a chance. It is also important to be able to "give a little," both toward those you are negotiating against and those you are negotiating for.

8315

COUNTRY SECTION SWEDEN

FALLDIN, BOHMAN, ULLSTEN COMMENT ON ECONOMY, BUDGET

Stockholm SVENSKA DAGBLADET in Swedish 11 Jan 81 pp VI, VII

Interview with party leaders Falldin, Bohman and Ullsten, by Gustaf von Platen and Ola Gunnersson: "Falldin, Bohman and Ullsten in Exclusive SVENSKA DAGBLADET Interview: 'We Are Staying!'"

Text Will the government stay together? The most recent speculations about the future of the government, about various government combinations and so on, seem to have given rise to that question. Neither Falldin, Bohman nor Ullsten, who here are interviewed by Gustaf von Platen and Ola Gummesson of SVENSKA DAGBLADET, want to hear of any "crisis." "The mass media are exaggerating," they say. "As long as the government parties adhere to the government program, that is how long we will continue to govern"

Question: Right now mass media are full of speculations about the imminent fall of the government and about new, rather fantastic government combinations. Do you think that the conflicts within the government are exaggerated and that the press conveys a false image of the government's way of functioning?

Falldin: Yes, I think they are tremendous exaggerations. In a three-party government -- just as in a one-party government -- it is natural for thorough dicussions to take place about the issues. It is obvious that the process of decision can take a little longer in a coalition government. Not only do a number of ministers have to decide, but one also needs to know that the decisions are backed by the respective parliamentary groups.

Ellisten: In Sweden people are not used to the idea that what takes place before the government decisions is open to the public. Sure, it is not good if that denste creates impressions of a nonexistent split or of a lack of capability to act. But that risk must be taken. The debate is useful from a democratic point of view.

Infinan: Such a debate is out of the question in countries which are used to or marly always have lived under coalition governments. This kind of false debate hold never be conducted in those countries. In Sweden the mass media right now are more interested in the potential opposition which may have existed over a certain issue at a very preliminary stage -- before the issue has even reached the

government but is still in committee or at the drafting stage -- than they are in the final outcome of the deliberations.

Question: What do you mean more specifically?

Bohman: They are more interested in talking about supposed conflicts than they are in describing the act that the whole thing eventually results in. But it is not very strange that there is discussion when there are three parties.

What is so great is that in the end one arrives at a joint opinion through discussion and then has the political courage to defend this opinion even when it is unpopular and even when in certain respects perhaps it conflicts with what one or the other party has previously stated.

Ullaten: It would be good if there were more independent journalists, who could describe the government work without ulterior party-political motives and conclusions. That kind of debate predominates in the U.S. and English press but is almost entirely lacking in Sweden.

Question: It is not only a matter of mass media speculations. The other day Wage Minister Olof Johansson came forward in an interview and clearly said that the government cannot cope with the economic crisis. The tensions between the government parties are too great, Olof Johansson says, and the parliamentary foundation too weak. Thorbjorn Fall in, what are your comments on that?

Falldin: First, it is correct that with a parliamentary basis of only one mandate it is important to really see to it that the respective parliamentary groups are behind you in those decisions which are necessary.

Second, I have spoken to Olof Johansson, and he says that he does not recognise these phrases in the interview, this about the government not being able to cope with the crisis. He has said what all who are initiated know, namely that even with very forceful measures it is necessary to have a perspective spanning several election periods before complete balance in the social economy can be attained.

Question: In other words, Olof Johansson does not acknowledge the interview

Falldin: I asked his about precisely that point and said that it is indeed a very serious matter if a member of the government asserts that the government cannot overcome the crisis. He then referred to other sections of the interview in which he points out the necessity of the government staying together during the mandate period. It may be added that in no respect has Olof Johansson reserved his opinion or had a dissenting view concerning the economic measures discussed in the government circle.

Borman: We have not had any reservations or dissenting opinions whatsoever against the government decisions we have arrived at.

Only a False Debate?

Question: Judging by your answers you consider the debate which has taken place in the mass media to be a false debate, to a great extent, which is based on erroneous

starting points and leads to erroneous conclusions. You apparently believe that there are good prospects, even guarantees, for this government to stay in power for the entire mandate period.

Falldin: What has struck me in following this detate is that there was very general talk about the necessity for more forceful measures and about the necessity for a stronger government, but there have been very few suggestions as to what kind of measures. Instead, a discussion has taken place concerning the existence or nonexistence of the government and this talk I honestly think is a bit shaky.

Bohman: It is of course natural for news journalists to try to find something new. This hunt then gives rise to speculations on the editorial pages and then there is polemic between the various editorial writers, which in turn provides the debate with unreasonable proportions.

This is considered more interesting than trying to broaden one's knowledge of the big economic problems we face and of how we are going to solve them. The contributions on the part of mass media are very thin. As far as I know, no thorough analises have been made of our economic problems on radio and television, for example, aside from Soderstrom's and Olivecrona's debate with about 20-30 participants.

Ullsten: I think that for this interview as well it would be more interesting to discuss the issues than the media debate. The important thing is what needs to be done in order for us to resolve Sweden's economic problems. And for that I believe it is good to carry on a debate that provides ideas. It is of course also important that we who are part of the government discuss what we believe ought to be done.

And on one point I think the debate has been good.

I believe that if one wants to straighten out the Swedish economy, if one wants to make sure that the result will not be a wage agreement which exceeds the economic framework, if one wants to accomplish a cutback in state consumption as well, then cooperation is needed not only between the political parties but by mobilization of the entire nation for that task.

Question: Can you give an example?

The transfer and industry must come forward and utilize for investments the space we try to create ty cirties consumption. The partners in the labor market but none forward and see to it that a wage agreement is concluded which takes the embodic realities into account. The state authorities and the municipal political unentiles are succeeding in their task of curbing public consumption. More crisis ware realities of all of us and more insight into what opportunities we have for actually setting through this crisis if we come together.

The same of the same of the same of the political opposition. The same of the people of the people, and as politicians we have close contact with people in the same of the people, and as politicians we have close contact with people in the same of the people, there this crisis awareness exists. It is part of human nature that people revertheless says. "To ahead and cut down on other things, don't

cut down on what is mime." The difference in this respect is obvious compared to what was the case only 1 year ago.

Can You Make Such a Declaration?

Question: Let us return to the speculations about the future of the government, about various government combinations and so on. These speculations will continue until you declare that you believe in being able to continue until the end of the period. Are you prepared to make such a declaration?

Falldin: I can give the same answer as just before Christmas, when I was interviewed by a number of mass media in connection with the meeting with our council of representatives. Within the council of representatives, the parliamentary group and the party executive committee there was agreement that as long as the government parties adhere to the government program, that is how long the Center Party, for its part, will continue to assume its government responsibility. This is my statement and it is a demial of all the reports which are circulating.

Ullsten: This is an obvious answer from the head of a government and an equally obvious answer on the part of the other ministers.

Bohman: I cannot see that there is any alternative. Alternative solutions presume political agreement regarding which courses to pursue in order to achieve the necessary reorganization of Sweden's economy. Such unity exists today within the government, not outside it. This is why all these speculations about one or another constellation are rather senseless discussion up in the clouds and the blue. Or in the red, whatever you want.

illsten: I think it is important that every discussion of this kind should be conducted from the right starting point: What needs to be done? Otherwise the government question is changed into a parlor game.

As long as we know what needs to be accomplished and are prepared to do what is necessary, that is how long we can participate in the government.

Is the Concern of the People Justified?

Question: The budget you are going to submit on Tuesday shows a new record-large budget deficit. Feeple are obviously concerned that the economic development is in the process of slipping out of the grasp of the government. Is there any just fination for the concern felt by the general public?

Bohman: We have two large structural problems in Sweden's economy, for which there is every reason to feel concern; the large deficit in the exchange balance and the large deficit in the national budget. These two problems are intimately connected. And it is a question of how many years of work it will take before we reach a balance in these areas.

But one should not concentrate exclusively on the budget leficit at a particular time. What is critial is to make a decisive thrust against the growth of spending,

a spending growth which is considerably more rapid than our growth, but also more rapid than income development. All forces must be directed toward affecting the expansion of spending.

Consequently, if there is a larger budget deficit one year and a smaller one in other years, that in itself is not so important, although a large budget deficit necessarily creates big problems for the credit market, the capital market, with respect to inflation and many, many other things.

Question: What measures do you intend to take in order to achieve as quickly as possible the balance which Gosta Bohman is talking about?

Falldin: There is a balance point, which I believe every government has to keep its eyes on. I will try to explain this briefly. We are a nation with a higher proportion of foreign trade in our total production than most other countries. We are therefore highly dependent on international development. This is why it is so important that our cost development should not be more rapid than that of the rest of the world. If it is, this will reduce our opportunities for exporting successfully but also for selling successfully here at home.

Due to the weakening of the world economy the volume of world trade is not growing as strongly as we have been accustomed to -- to a large extent as a result of the blows received by the entire industrial world in the oil market. In that situation it is important to apply restraint to the Swedish economy without conjuring up a tremendously high unemployment rate, which no one in this society could live with.

A great number of people, who say that the government is not applying enough force, disregard this difficult balancing act. Within the government we believe that it is necessary to aim for a gradual solution of the problems and perhaps use the entire 1980's as a perspective to work with.

Illsten: I agree with Thorbjorn Falldin that the problem is not as easy as one might imagine. The political economists may be able to analyze the problems, speak of the economic relationships, but they usually do not provide the political answers. These must be given by us. If one is content with political economic theories things can get completely messed up, even if the theories are inherently correct. It is necessary to give the theories political content.

A Mistake in the Crisis Debate

question: What is the political content in the government's budget?

Ullsten: How dangerous a national budget deficit can be depends on what the money is used for. If berrowed money is used for productive investments, which create employment and promote growth in the short or long run, that is less dangerous. If the budget deficit almost entirely represents money needed for consumption, then things are going downhill. Loday we have too much borrowing for ordinary consumption; we have too few investments and aggressive efforts.

Our mistake in the crisis debate has been that it revolved too much around the possibility of solving the balance problems by cutting back on public spending in

general. Even if we saved half the national budget the problems in our economy would remain, if we did not also succeed in speeding up economic growth. Consequently, we must create investments. I have previously pointed to the energy sector as an excellent area for investment. There are additional areas as well, of course.

In the surrounding world there are examples both of countries which have failed to implement belt-tightening policies and therefore landed in trouble and of countries which implemented nothing but belt-tightening policies and landed in trouble anyway. The economic policies must have an aggressive aim. And then it cannot only be a question of saving money. It must also be a question of spending the money in the right way.

Question: Does the minister of economics share that view of the existing situation?

Bohman: Yes. One can also point to what has happened in Finland in the last few years. By using a rather heavy-handed policy the Finns succeeded in straightening out their economy. To be sure, we do not know what will happen in Finland in the next few years, but it is interesting to observe that there people succeeded in turning the economic development around in a very short period, in approximately the same manner as the first three-party government managed to resolve an acute crisis by the use of correctly applied remedies and straighten out the economy up to and including 1978.

One thing that Ola /Ullsten said is very significant, namely the way in which the money in the national budget is used. If the situation had been such that Sweden had borrowed a large amount of money for productive investments, approximately the way the Norwegians have borrowed money abroad in order to invest in oil production, our troubles would not have been as serious. What is so distressing is that we have borrowed money abroad for a large number of years and that we continue to do so in order to support excessively high consumption and excessively great demand in Sweden. That is what has contributed to the creation of our troubles.

Fifteen-Year Mismanagement

Question: And those troubles will not be eliminated by the economy plan, presumably?

Bohman: We have to understand that Sweden's balance problems are not the result of a few years' mismanagement of the economy. They were created in the course of 10, 15 years. If structural problems are built into the economy for such a long time, it takes almost as long to undo the problems again.

This is why I am very negative, I repeat once more, toward arguments pursued by certain economists and certain people in business and industry, that we should be able to overcome our problems instantly with some sort of cutbacks. We can solve certain problems, urgent problems, with cutting measures, but we do not solve the long-range difficulties in that manner. Instead, we must purposefully and persistently conduct a sound and sensible policy from now on. This year as well demand in Sweden will be greater than growth, and the greater part of that demand surplus will be on the public side, despite more severe cuts in government spending than before.

Question: In this connection, what demands does the government make on Swedish business and industry?

Ullsten: That business and industry should invest, utilize the opportunities which exist for that. Swedish business and industry are naturally also entitled to make demands on the government. What is needed is agreement concerning the preconditions and a joint desire to tackle the problems. This is what I mean by the need for national rallying. We must trust business, industry and organizations to understand Sweden's problems. We have such a tradition in Sweden, and there is no reason to believe that we would not be able to continue with it. If we cannot continue it, then we also cannot cope with the stresses to which Sweden, along with other nations, is exposed today.

Bohman: But it is not reasonable to demand of business and industry that they should go out and invest if there are no profitable investments. However, what can be categorically demanded of industry is understanding of the political realities. Too many businessmen have a tendency to stand up at meetings and throw out simple cliches without regard for the political realities that exist in a democracy, and which exist above all in a democracy where the government has only a one-vote majority in Parliament. Cliche-type statements do not make it easier for the government to perform in an environment where they need to act.

Question: Do you have the same wishes and hopes with regard to the trade union organizations?

Falldin: There is a fine tradition in Sweden which Ola mentioned, which implies that the partners in the labor market are prepared to assume their responsibilities. I also believe there is a deep insight on all sides that a government in accordance with the Swedish system not only has the right but also the responsibility to go in and undertake necessary measures in order to point the social economy toward balance. And the understanding of this, and the understanding that Swedish business and industry must be competitive, are a foundation on which wage negotiations ought to be built.

Bohman: I think it is terribly interesting to note that last fall, when we had discussions with the partners in the labor market, these discussions were opened with an accounting by our side of the economic situation and the evaluations of the future, and each time the prime minister asked the organization that was present: Do you share our opinion of the economic situation? Not once did we receive a negative response. Everyone accepted the description which was offered.

How Do You Prevent an Unwanted Wage Agreement?

mustion: What is you strategy for the wage negotiations? Will the government simply lay low this time?

Fulldin: We had these deliberations jointly with all parties and then with each party slone. We declared that there is no room for any general tax relief. But a restructuring of the government tax scale was possible.

Then we have the economic policy and our budget proposal. That is the basis for negotiations with the partners.

Ullsten: It is totally obvious that we must get understanding from the partners of what the economic reality demands, but it is just as important that the partners get our understanding for their demands. The so-called Swedish model has always been based on mutual thinking.

Question: Last time it did not turn out like that. You got an agreement that you did not want. Do you have no other remedy this year, if it turns out that the wage negotiations develop in a similar way?

Bohman: To definitely not repeat what happened the last time. That result was based on misunderstanding, I think, of each other's intentions.

Unlaten: We must of course insist on the distribution of responsibility between the government and the partners in the labor market. Talking about cooperation must not obscure the fact that we have different roles and areas of responsibility. The partners are to conclude agreements and the government is to conduct economic policy.

Question: Are there any possibilities for reaching agreement with the political opposition on individual issues or in other connections, to anchor decisions across the borders of the political blocs?

Falldin: We did make a very serious attempt before the extraordinary session of Parliament. We had a draft for a solution to the economic policy. We had not tied ourselves to any individual details. We went forward with an open mind and pointed to the necessity of achieving a calmer development of the total Swedish consumption. One can only state that the climate of the talks was very good during the deliberations, but there was no interest on the part of the Social Democrats for joining in any economic-political solution. According to our evaluations, the alternative policies of the Social Democrats mean that the budget deficit would increase by about another 4 billion.

Bohman: Yes, if that is sufficient. Furthermore, demand in Sweden would increase and would be at a considerably higher level than corresponding demand abroad. We know from experience in 1974-76 that a small country with greater demand pressure than the rest of the world cannot survive.

Falldin: The fundamental attitude is still the one we have written into the government program. The government has absolutely no interest in the constant duelling of two blocs. We want to find solutions which are as broadly based as possible.

Ullsten: When the Liberal Party was the role of opposition, we believed that we could combine the requirement to conjuct opposition policy with the assumption of our part of the social responsibility. We received no applause for that, least of all from the SVENSKA DACBLADET, but we ourselves thought it was right to do so. And I think that even the present opposition should be prepared to assume its share of the responsibility. That is also in its way a part of the Swedish model. And

that need not obscure the fact that there are different evaluations by the various political parties. That various evaluations are expressed. Debate between the parties can very well be combined with constructive cooperation in areas where the parties are actually of the same opinion.

The Difference Between the Blocs

Bohman: What makes unanimity on big issues difficult, of course, is that there is a basic difference in the actual view of the social climate between us and our opponents. I maintain that one reason why we are in trouble in Sweden is that our market economy is not functioning properly. The market economy has become so tremendously politicized and is so highly controlled that it has not retained its flexibility. One of the methods for coming to terms with our problems is, in my opinion, to try to revitalize the market economy, and it is difficult to cooperate with someone who has the opposite opinion, that is to say that we need more planning, more controls. But this does not mean that one should not make an effort to agree on concrete issues.

11949 GSO: 3109 COUNTRY SECTION SWEDEN

PAPER URGES GREATER CUTS IN BUDGET PROPOSAL

Stockholm SVENSKA DAGBLADET in Swedish 13 Jan 81 p 2

Editorial: "Step by Step"]

Text The government's financial plan and budget proposal are marked by the combination of a beginning economic slump and a lasting economic structural and environmental crisis.

The financial plan will be exposed to criticism because it shows serious -- and worsened -- economic disturbances without proposing new concrete measures in order to come to grips with them. However, the government can point both to what it has previously done, for example in the economy plan, and to what it will later suggest in separate proposals for additional of nomy measures, industrial policy and labor market policy, as well as in the supplementary proposal.

Even those who are disappointed that to bourgeois government has not straightened out the development more quickly must still be able to feel a certain satisfaction over the fact that during 4 years of nonsocialist government several steps have been taken in order to alter the political course in a proper direction.

However, it is necessary for the government supporters to discuss critically and constructively whether new moves are not needed in economic politics, against a background of the development and of the experience which has been gained.

Failure to start such a discussion would be to do a disservice to both the three-party government and Swedish social economy. In the SVENSKA DAGBLADET interview last Sunday the three party leaders inquired about constructive proposals from business and industry, among others, as well as from the debaters in media and Parliament. Consequently, there ought to be fertile ground for a constructive debate.

The pattern for political action, which the financial plan -- as well as Minister of Economics Gosta Bohman in articles and statements -- raises to an ideal, is a "step-by-step hypothesis." Through patient and lengthy work for many years and through the sum of many measures it should -- in 10 years or so -- be possible to achieve balance in the economy.

This -- which some people, referring to the practical shape of the policy, will perhaps call a philosophy of progressing by inches -- is obviously a necessary

foundation for the efforts to alter a sluggish economic and political system. And Costa Bohman is of course completely right, when he says that it is not possible to straighten out Sweden's economy with a few rapid outs; as far as I know, no one has asserted anything similar.

But it is not enough to build exclusively on the "step-by-step hypothesis."

An obvious risk is that the "step-by-step hypothesis" -- as the only and universally prevailing pattern for economic policy -- is in danger of becoming self-contradictory. If the government is not capable of rapidly achieving tangible changes in economic development through new and greater measures, it is difficult to see how it would be possible to survive the 1982 election. If a change of government then taken place, the steps will be aimed in an entirely different direction afterwards and with considerably longer strides.

The most important reason why the government must increase its strides during 198, and 1982 is, if course, that the seriousness of the situation requires that it does not take too long before the economic curves are made to point decisively in the right direction. Otherwise new and greater difficulties will be added to the old ones. The government ought to realize that the gravely ill economy needs rapid help in its serious, acute condition in order to make long-range rehabilitation possible.

But it is not enough to increase the length of the steps. The government must ask itself whether the present diagnosis of Sweden's problems has been sufficiently correct or sufficiently in-depth.

The reckening in the financial plan and in the national budget traditionally takes place in such a way that the balance problems stand out in the accounting. But there are only symptoms of the causes of the illness. The causes are what must be attacked.

The ensential domestic cause of illness is that decades of Social Democratic politics have broken down the foundations of the market economy. This can be illustrated by a few examples.

is obvious when it comes to the income side. Through the taxes and the public sector an extensive socialisation of income has taken place. This is why the marginal taxes must now be lowered cons derably.

The decline of the market economy is also evident by the manner in which the wage formation functions. The wage policy which could be conducted during the unique growth years of the 1950's and 1960's caused serious damage to regions, industries and companies. But the government is softening these harmful effects by means of subsidies -- in industrial policy, regional policy, labor market policy and so on -- and is thereby making it possible for the wage earner organizations to continue an irresponsible and senseless wage policy. The subsidy merry-go-round has to be topped.

It is also not sufficient to create economy plans for the public sector. It is necessary to attack the actual cause of the illness, that is to say the mechanisms

which cause the spending. Otherwise the savings will constantly be eaten up by a relentless spending automation.

What the government must now do is to deal with the causes of the illness more radically than before. It is necessary to reinstate a functioning market economy as soon as possible and to recreate the preconditions for successful industrial activity. This is the altogether crucial condition for being able to cure the sick social economy of Sweden.

COUNTRY SECTION

DEBATE ON LEATERSHIP ISSUE BY SOCIAL DEMOCRATS ADVOCATED

Stockholm SVENSKA DAGBLADET in Swedish 11 Jan 81 p 2

Commentary by Axel Waldemarsson: "Olof Palme's Dilenna"7

Text A man's work is a dilemma; the job represents an inprisonment, at the same time as it grants him a trait of idealism which prevents him from becoming a passive spectator of the world of the others.

Melvin Maddock

Everyone worries about the government. Is no one worried about the opposition?

The leftist bloc has a safe majority in the opinion polls. The Social Democrats alone are a few percent ahead of the government parties.

Being cautious strategists, people at the party headquarters on Sveavagen recall that it is nowadays the rule rather than the exception that government parties lose ground between election. With a warning they point to their own figures from the first years of the 1970's.

One or another Social Democrat may even go so far as to state that the three government parties, despite the obviously unfavorable political situation, have 45 percent of the people behind them. That is pretty close to half of the people.

Too much confidence in victory can undermine the gathering of support in an election. The Social Democrats have always been worried about that.

Should not another phenomenon be observed as well? Despite the favorable trend in opinion, all is not working out equally well in the campaign.

Why should a debate spring up about Hans Gustafsson as Olof Palme's successor, when the party leader has brought the Social Democrats up to the best public opinion figures in a long time?

The Feeling of Powerlessness

What is the effect of the debate about declining ideology, which is perceived in certain areas?

The discussion about a coalition partner for the government position seems more divisive than unifying.

In the fifth year of opposition the feeling of powerlessness also begins to tell. Regaining power can be more important than politics. The desire for power also cannot conceal the lack of a program of action, even if one is first to be carefully submitted to this year's party congress for decision.

But there is also a problem which -- although is should not be exaggerated -- is intimately connected with Olof Palme and which could be called his dilemma.

The dilemma is related to the philosophy of leadership which Glof Palme acquired and practiced as head of the government. As prime minister he gathered practically all the strings in his hand, while Tage Erlander, for example, allowed his ministers to act with great freedom.

His Tight Rein

Palme's tight reins functioned very well technically.

They were simultaneously intended to provide room for what he himself regarded as the important task of a prime minister; being ahead.

It was he who should look ahead, predict complications and above all observe and evaluate new trends. With his deep interest in the surrounding world it was natural for Palme to acquire the Anglo-Saxon pattern for the government leader's role in foreign affairs.

Usually this functioned reasonably well -- except for the fact that there are only 24 hours in a day, after all. This style of leadership does not fit the role of opposition leader equally well. There are several reasons for that. Politics on the parliamentary level are always more day-to-day politics than visions of the future. Whoever is head of the opposition cannot escape the strenuous laboring with details, which in a government is the duty of the expert cabinet members and not the burden of the prime minister.

The Instrument of Power

Palme, perhaps justifiably, has no shadow cabinet. Nevertheless, his inner circle functions as such a cabinet. Within that circle Palme applies the principle of strong leadership, the Chancellery model transplanted to the House of Parliament.

Not until he has the instruments of power in his hand does Palme seem well at ease with domestic policy. This could be an expression of his restless and action-oriented personality, for which a climate more suited for stinginess than spectacular reforms does not provide an outlet.

Away, When at Home ...

It is natural that Olof Palme's interest in the rest of the world in many respects weighs heavily under such conditions. But the style of leadership which Palme has adopted requires his almost constant presence in Parliament.

The political situations which are the most difficult to handle and tackle are the irrational ones, which energe quickly and unexpectedly and in which the taking of a stand must not be drawn out. But what happens if Palse is outside the borders of the country? Does this give us an explanation for the periodic fitfulness of the opposition policy?

The dilemma is a question of time and priorities. However, discussing this dilemma has its drawbacks; one is easily a cused of wanting to get at Palme personally or, in any case, of airing the minority complex which the bourgeoisie is supposed to feel when faced with his reputation in foreign policy.

Honorable Tasks

The task of UN mediator in the war between Iraq and Iran is an extraordinary honor for Palme -- although difficult and time-consuming. It was of course impossible to reject an appeal to take on this obligation. The Swedish reaction has also been a little too stingy in many places.

On the other hand, the chairmanship of the disarmament commission is a task not entirely without the possibility of choice. To be sure, it may be said that nothing is more important than peace, but it is nevertheless a question of priority, in which the leader of an opposition, which is strongly critical of the government, also bears responsibility for this opposition to provide alternatives and function well.

The problem is in no way simplified by the fact that the Social Democrats have no vice chairman or directly assigned deputy to the party leader.

Confusion Broke Out

This is one of the explanations for the commotion that was stirred up when Hans Gustafsson quite suddenly -- and with Palme abroad -- overnight appeared or was brought in as an alternative or successor to the party chairman. Since the Social Democrats more than almost anything else dread personality discussions -- since these take interest away from the issues -- one mixup became worse than the other.

The confused debate about the government issue is another example. Sure, it can be an expression of the fact that the desire for power has become too strong, but it is nevertheless strange in view of Palme's clear position on the issue.

Why create confusion without cause?

The intent has not been to criticize Palme's various involvements. They are surely supported by strong personal beliefs. But it is not possible to combine all of them without one of them having to suffer.

COUNTRY SECTION SWEDEN

ECONOMIST LINEBECK DISCUSSES DROP IN INDUSTRIAL PRODUCTION

Stockholm SVENSKA DAGBLADET in Swedish 8 Jan 81 p 2

Editorial: "The Political Economy"]

Text The large trade balance deficit and the state budget deficit are not the only signs of the decline of the Swedish welfare society.

Equally serious is that Swedish industrial production during the second half of the 1970's showed a very poor development, both in comparison with other countries and in comparison with the previous Swedish expansion.

When the politicians have to deal with the illnesses in industry caused by a politically infected environment, they have a tendency to mount isolated attacks against various symptoms. The state brings in support for individual companies, branches of industry and regions. Unemployment is attacked with selective measures. Support, measures, regulations, aid, subsidies, increased politization of business and industry -- that has been the politicians' model for answering the emergency call.

That this would be capable of doing more damage than good is a thought which only rarely occurred to the politicians, so convinced of the excellence of their own activity.

However, in a significant article in SVENSK TIDSKRIFT (no 10, 1980) Gosta Bohman's political collaborator, Olof Ehrenkrona, criticized the symptom-oriented policy.

He maintains that the causes of the economic crisis must be sought in the social conditions as such. It is a question, in his opinion, of recreating the dynamics of the market economy through reorganization of the social structure.

What Ehrenkronabrings up is the central theme in the relationship between markets and politics. The most important work in recent years, which reflects the conventional Jocial Democratic view of this tension, is "Politics and Markets" (New York, 1977) by U.S. political scientist Charles Lindblom. Among other things, Lindblom develops the argument of "market failures" which must be corrected by political intervention. The most important market decisions are moved from the corpany level and the consumer level to the political level.

Other political scientists -- primarily but not exclusively economists -- have criticised this view for, among other reasons, overrating the competence of the political organizations. The "political failures" lead to worse damage than the "market failures."

The most prominent of the Swedish economists who on principle have discussed the interplay between economic and political systems is Assar Lindbeck. He recently published a small booklet, "Ekonomi och Mangfald" ["Economy and Multiplicity"] (Akademilitteratur, 1980), reviewed by Sven Fagerskog in a feature article on 28 December.

What is interesting in the publication is, among other things, that it is a new printing of two essays from 1973 and 1976. Lindberg obviously considered it important to distribute them arew in 1980.

Lindbeck's main theme is the relationships between freedom of the individual, political democracy, the great variety (pluralism) in cultural and social life and the economic system. The imperfections of the market system are, Lindbeck asserts, often insignificant compared to the imperfection to which the political-administrative measures lead.

In his essay from 1976 the author brings up two viewpoints, among others, which are even more current today.

One is that the tendencies toward company mergers into large companies must be halted.

The other is that the most efficient way to achieve the desirable increase in competition is often to expose the companies to fierce international competition.

The most important point made by Lindbeck's 1973 essay is that decentralization presumes market budgeting. It is not possible, he writes, simultaneously to demand decentralized economic decision-making and to reject market budgeting. This ought to be food for thought for each party and every politician, who imagine that decentralization and planned economy are compatible.

In a later essay on the problems of the Western economies (BUSINESS ECONOMICS, September 1980), Assar Lindbeck has compiled eight preconditions for the restoration of a successful economy. He stresses that most of them refer to the side of supply and not to the side of demand, which has been so emphasized up to now.

Briefly summarized, the eight factors are the following: Production and investments must become profitable. Inflation must be curbed. The market functions must be restored. Economic incentives must be accepted. Technical and administrative competence must be maintained and improved. The effectiveness of the public sector must be increased. Stable legal and economic rules must be maintained. Serious distribution conflicts must be avoided.

Lindbeck's general conclusion is that the system of political competition breaks down the markets.

It is becoming increasingly obvious that politics are destroying the economy. In order to deal with this, what is needed, in order to go back to Olof Ehrenkrona's essay, is structural reforms.

These must be aimed at making the economy nonpolitical. Measures and regulations should be eliminated, at the same time as stimuli for economically useful activities are restored.

At the same time as the economy becomes nonpolitical, politics must become more economic. The structure of the institutions and decision-making processes must be re-examined for the purpose of achieving a readjustment to the economic reality.

Thus, for example, it is difficult to see how three different political levels
-- state, regional government and primary municipal districts -- with independent
powers of taxation can be retained. Furthermore, mandate periods as short as 3
years render courageous and determined political action impossible. As a further
example of necessary structural changes may be mentioned constitutionally established restrictions in order to compensate for economically irresponsible decisions.

It is not enough to have economy plans. Structural plans are needed, not for business and industry but for politics.

COUNTRY SECTION TURKEY

ERDEM, SEZGIN OPTIMISTIC ABOUT ECONOMIC PROGRAM

Istanbul TERCUMAN in Turkish 26 Jan 81 pp 1,12

[Text] ANKARA BUREAU -- Former and present Finance Ministers Ismet Sezgin [last Demirel cabinet] and Kaya Erdem conducted a 1-year review of the 24 January economic stabilization program and share the same view that "the program is succeeding."

Ismet Sezgin, who was finance minister when the decisions were adopted on 24 January 1980 giving new direction to the Turkish economy, and new Finance Minister Kaya Erdem, who is now in this position, stated in particular that inflation had been brought under control and this was the major indicator of success.

Erdem's Views

While conducting the 1-year evaluation, Finance Minister Kaya Erdem said, "The 24 January economic stabilization program is a package of economic measures and practices aimed at restoring the destro ed macro balances of the Turkish economy and designed to ensure that the economy would enter a rather rapid development process in a climate of price stability within a 4- to 5-year time perspective." Pointing out that the 24 January decisions required evaluation from the three aspects of "inflation, balance of payments and production," Erdem expressed the following views:

"A major goal of this program was to get inflation under control, gradually slowing the rate of inflation. It should be said that the program achieved successful results in the first year as to this basic goal. In fact, the general price increase rate, which was an average of 5.6 percent per month in the period from September 1979 to March 1980, dropped below 3 percent in the period from April to November 1980. What this means is that the rate of inflation was reduced by approximately 50 percent in this period. Allow me to say that beyond these percentage comparisons the greatest success achieved in the struggle with inflation in 1980 is that the flight of capital created by high inflation has been stopped and the expectation of inflation prevented. These results show that the tight money-credit policy and the general price policy were right."

Balance of Payments

Erdem said that another goal of the stabilization program was to balance payments and said:

"The goals envisaged for 1980 as to eliminating balance of payments difficulties were achieved also. The flexible exchange rate policy which was applied produced foreign exchange revenues from exports of \$2.83 billion in 1980, 25 percent more than in 1979, by keeping our export products competitive with foreign prices.

Also, there was a large increase in our worker remittances which rose to \$2 billion in 1980, far exceeding the \$1.694 billion in 1979.

"The import volume also expanded in comparison with 1979 by means of the increased foreign exchange revenues in 1980 and the finding and using of foreign resources in significant amounts in the same year, and the shortages of many items, including petroleum products, which could not be found on the market in 1979, did not occur in 1980. The Central Bank was able to make transfers on foreign debts and interest and imports, and the imports largely prevented smuggling and black markets."

Increased Production

The finance minister reported that steps had been taken forward in raising production, the third goal of the 24 January decisions. Erdem said:

"As for production, the entry on the market of petroleum and other imported intermediate goods brought significant relief in industrial inputs, but the increase desired in general production could not be attained, primarily because of strikes in 1980 and the shortage of electric energy. Despite this, positive developments in production began to be observed in 1980 also, especially towards the end of the year. If I may give an example, it is seen in comparing production for November 1979 with production for November 1980 that increases occurred in the production of 24 basic goods and declines in 3."

Erdem concluded his remarks as follows:

"Thus, after pointing out the measure of success of the economic stabilization program in the three basic economic areas, I would like to say that positive developments in every area of the economy will pick up with implementation of the tax measures in 1981, and I would like to stress the importance of implementation of the economic stabilization measures to the future of our economy."

Sezgin's View

Former Finance Minister Ismet Sezgin stated that the success of the 24 January decisions had been apparent in the intervening year and said:

"The goal is to ensure development within economic stability. The first condition of economic stability is to bridle inflation. The inflation which was quickly heading toward 3-digit figures has been curbed. The monster of inflation was successfully fought off. The rate of inflation in the last 6 months of 1980 was significantly lower than in 1979. The rise in the wholesale price index was 47 percent in the March-October 1979 period, but was reduced to 29 percent in the same period of 1980. In this way, the trend toward consumption has been replaced with a trend toward savings, and long-term savings deposits rose 80 percent within 1 year. Total deposits, meanwhile, showed a 45 percent increase in 10 months of 1980.

"As for exports, there was significant development in the final months of the year. Exports in the first 10 months of 1980 increased 10 percent over the same period of 1979, but the increase in the final 2 months is around 50 percent.

"Worker remittances rose more than expected.

"A nonfunctioning Central Bank was restored to action in spite of everything; the State Economic Enterprises were taken out of the bank, enabling a solution to the import transfer demands which had been accumulating for years.

"The volume of money printed rose 80 percent in 10 months of 1979 and this was reduced to around 45 percent. Unfortunately, a reduction in the labor force approaching losses of the past 10 years occurred in the first 8 months of 1980. The effect on production of these labor losses, which were caused by ideological strikes, is obvious. Despite resolution of the liquid fuel problem, the planned goals in production could not be met.

"The outside world's confidence in our country and our economy has been restored and Turkey has regained the ability to get credit; our debts have been postponed with favorable, long-term conditions and the usage rates of credits have been raised significantly in comparison with past years.

"Finally, industry 'left to the dynamism of private enterprise' came into its own and was found possible; shortages and long lines were eliminated; it became possible to find what one needed on the market; two-tier prices, black markets and profiteering on shortages were prevented; self-created and -fed black marketeering was wiped out; a climate of relative security was created. In short, a lifeless economy was reinvigorated."

IRANIAN BANK WANTS TO OPEN BRANCH IN ISTANBUL

Istanbul HURRIYET in Turkish 4 Feb 81 p 1

[Text] Following banks like Citibank, American Express, and Banque Credit Commerce International (sic), Iran's Bank-e Melli has moved to open a branch in Turkey with assets of \$10 million (900 million Turkish lira).

Moreover, American banks like Chase Manhattan and Security Pacific are considering the opening of branches in Turkey.

The Bank-e Melli, which in its application asks for the prerogative to boost its assets to \$200 million (1.8 billion Turkish lira), would have enough financial strength to compete with Turkey's largest banks.

The Bank-e Melli initial branch will be opened in Istanbul. It is also noted that the bank later intends to open branches in Mersin, Erzurum, and Trabzon, which are commercially important cities for the transit trade through Turkey into Iran.

The Iranian bank's application will be submitted to the Council of Ministers after first being sent to the Ministries of Finance and Commerce, whose recommendations will be forwarded to the Prime Ministry's Foreign Capital Department.

After the open door policy was implemented in January 1980 with respect to foreign capital, 3 foreign banks received permission to open branches in Turkey. These were American Express, Citibank, and Banque Commerce Credit International (sic). The first two banks brought \$1 million in assets apiece. The third institution brought in \$6 million.

Officials tie Iran's desire to open a branch in Turkey to a future increase in that country's commercial relations with Turkey, particularly after the war with Iraq concludes.

COUNTRY SECTION TURKEY

SUMMARY GIVEN OF ISLAMIC CONFERENCE ISSUES

Istanbul MILLIYET in Turkish 28 Jan 81 p 6

[Text] Bilateral discussions which Turkey held at the preparatory meeting of foreign ministers prior to the Third Islamic Conference and at the level of foreign minister, head of state and head of government at the Islamic summit led to the formation of some relations and the strengthening and solidifying of some existing bilateral relations.

The most important among them would seem to be the discussion of military aid with Saudi Arabia.

It is necessary to divide the bilateral discussions into categories of military, commercial, cultural, economic and political.

Military Realtionships

It is quite interesting that [as a result] of Turkey's bilateral talks with Saudi Arabia, Turkey will sell arms to Saudi Arabia and, therefore, provide training assistance.

Envisaged within this program is the sale to Saudi Arabia of Machine and Chemical Industry [MKE] products in exchange primarily for setting up a financial program to cover Turkey's oil expenditures.

If this agreement is realized (and according to Foreign Ministry authorities it will be soon), along with the MKE products, Turkey will also have to create certain opportunities for training Saudi military experts.

Observers here find nothing extraordinary in the fact that the Saudi Arabian army, which is equipped with American systems, would be trained by officers who had undergone training in Turkey.

According to the program, young officers in the ground, naval and air forces would be given the opportunity for thorough training in Turkey, especially in air defense.

Economic Relations

There are two subjects of concern to Turkey in this regard. One is the fund to be set up by the Islamic Development Bank; the other is the convening of an Islamic agricultural conference.

The Islamic nations in general have a shortage of agricultural products. Turkey, however, is the one among Islamic nations which "is a wheat-selling nation. For this reason, the situation naturally arises of Turkey's seeking markets within the Islamic world for its domestic wheat surplus. In fact, this is one of the points stressed behind the scenes at the Islamic summit."

When the agricultural conference meets, Turkey will also have to sell agricultural products to underdeveloped nations through Islamic Development Fund channels.

However, these are things presently in draft form under discussion. If they are realized, Turkey's contribution to the Islamic Development Fund will rise. The Islamic Development Bank reportedly will no longer be as "generous" to Turkey as it used to.

There was also talk during Turkey's bilateral discussions at the third Islamic summit of an Islamic shippers' union proposed to be headquartered at Jidda. Foreign diplomatic circles especially note that Turkey, which has a better commercial fleet than many Islamic nations, would stand to gain should such a union be formed.

Diplomatic Relations

Bilateral relations were covered extensively during Turkey's discussions at the Islamic summit.

In particular, Turkey opposed a solution to the Jerusalem problem which would be contrary to secularism, the launching of holy war and the adoption of nonaligned status by nations participating in the Islamic summit.

The draft resolutions envisaging the increase of diplomatic relations among Islamic nations and the gathering of Islamic nations under a single political view intimately concern Turkey.

In particular, the "call for arms and men to assist the Afghan fighters," which made the rounds by word of mouth in the summit corridors creates a problem for Turkey, which has the best regulated army of the Islamic world. Among the rumors is one that Turkey would be called upon at least to train Afghan fighters, though Turkey has pointed out before that it could not participate in any Islamic defense system because of the NATO alliance and other reasons.

Cultural Relations

Turkey also engaged in discussions during the Islamic summit on increasing certain cultural relations.

Reportedly Turkey will also be asked to aid "Islamic educational centers to be established for the conduct of Islamic religious missionary work in emerging nations, especially in black Africa," which comprises one of the major items of the number.

What Turkey's place and attitude in this "missionary work" will be is a question of great interest.

However, it is believed that Turkey will contribute to "Islamic institutes" to be set up in many African nations, Uganda in particular.

The intensive meetings of the Third Islamic Conference are continuing into the third day. The second day's meeting went on towards 0500 hours in the morning yesterday, necessitating the delay of yesterday's talks until 1100 hours.

Prime Minister Bulend Ulusu met privately yesterday morning with Iraqi Head of State Saddam Hussein.

Problems between the two nations were taken up. The subject of oil was not mentioned directly, but the two nations reportedly approved the decisions adopted by the Iraqi-Turkish Joint Economic Commission which met earlier in Ankara. The Iran-Iraq war was also discussed.

That early morning session of the summit dealt generally with economic matters. Saudi Arabian Grown Prince Fahd took over chairmanship of the conference from King Khalid.

Food and Agriculture Fund

Fahd made a long speech in which he said a "food and agricultural fund" should be established to meet the food requirements of Islamic nations. The food fund would build reserves to be used by any Islamic nation at times of famine, scarcity or natural disaster and would support investments to raise "roduction to meet the food and agricultural requirements of Islamic nations.

Fahd referred to the "Ankara Action Plan" in his speech and said he believed it would create very positive results. He called for "doing everything possible to put the action plan into practice."

Prince Fahd also pointed out the need for private contributions to the action plan by Islamic summit member nations and said, "The Islamic Development Bank has an important place in cooperation among Islamic nations. We are proposing the establishment of a fund of no less than \$3 billion for the purpose of supporting the development fund in Islamic nations. Saudi Arabia is prepared to contribute \$1 billion to this fund." Prince Fahd stressed the need to increase the bank's material resources in order to contribute to cooperation among Islamic nations.

The agenda prepared by the foreign ministers' meeting had been adopted at the previous night's session of the summit and discussion of the major outlines had begun. Political topics on the agenda are the Jerusalem and Palestine problems in the Mecca Declaration, the situation in Afghanistan, Eritrea, the Horn of Africa and the Iran-Iraq war. Economic topics include the "Ankara Action Plan,"

establishment of an Islamic Commercial Center, organization of a shippers' union, aid to less developed nations, creation of a solidarity fund, establishment of Islamic centers in Uganda and Mali, and discussion of the establishment of an Islamic Institute and Cultural Foundation in Moroccco.

Israeli Denunciation

Israel yesterday denounced UN Secretary General Kurt Waldheim's attendance at the Islamic summit.

A Foreign Ministry spokesman said, "The secretary general's attendance at a confer-

COUNTRY SECTION TURKEY

DENIZCIER WANTS MINISTRY FOR WORKERS ABROAD

Istanbul MILLIYET in Turkish 28 Jan 81 p 9

[Article by Ozer Oral]

[Text] TURK-IS [Turkish Confederation of Labor] President Ibrahim Denizcier pointed out that "a new ministry should be formed for workers employed abroad," and said, "The various problems of the workers employed abroad are sometimes dealt with by a number of ministries and this sometimes prolongs resolution of the problems."

Denizcier stated that "TURK-IS tries to keep in constant touch with and resolve the problems of workers abroad and has serious initiatives on the visa question in particular." He said:

"The question of the visas required for Turkey has been taken up in discussions I have had with the head of the German Trade Union Federation, the DGB, and also in the competent bodies of the ICFTU, the executive board of which I am a member. A draft law on visas is to be drawn up by the DGB members of parliament and, after review by the DGB where we will express our views, will be forwarded to the German parliament. Efforts will be made in the months ahead to have this matter resolved positively in the German parliament."

Denizcier indicated that "as the result of talks with the DGB, Turkish workers will receive 'military service waivers' to ensure that they may perform their national service without losing their jobs." He said the following, in summary:

"Serious courses will soon be offered to ensure that Turkish workers get some serious technical training, and a large portion of the Turkish workers will be able to move up from low-paying, unskilled jobs by taking these courses."

The TURK-IS president said that "Social Security Minister Sadik Side, who is TURK-IS general secretary, has made a large and effective contribution to the solution of worker problems, not just as a representative of TURK-IS but also by being a minister and cabinet member." Touching on the government employees abroad, he added the following:

"Certain employees of missions and consulates abroad are annoyed by workers applying for solutions to their problems. Yet it is their job to help the workers. I am sorry to say that incidents of this sort are frequently encountered."

TURK-IS President Ibrahim Denizcier will leave Turkey today to attend the general assembly of the Japanese labor union confederation. He will have a 3-hour stopover in Athens, where he will confer with President Papagiorgiu of the Greek confederation of labor unions.

8349 CSO: 4907 END 107

END OF FICHE DATE FILMED

3/4/8/

